

# Board of Directors Meeting Agenda

Date: June 19, 2025

Time: 6:00 p.m.

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







# **AGENDA**

## **SACRAMENTO MUNICIPAL UTILITY DISTRICT BOARD OF DIRECTORS MEETING SMUD HEADQUARTERS BUILDING AUDITORIUM – 6201 S STREET SACRAMENTO, CALIFORNIA**

***June 19, 2025 – 6:00 p.m.***

### *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 SMUD Board of Directors Meeting Here](#)

**Webinar/Meeting ID:** 160 873 3335

**Passcode:** 026245

**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](mailto: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.

Call to Order.

a. Roll Call.

1. Approval of the Agenda.

2. Committee Chair Reports.

- a. Committee Chair report of June 10, 2025, Strategic Development Committee
- b. Committee Chair report of June 11, 2025, Policy Committee
- c. Committee Chair report of June 17, 2025, Finance & Audit Committee



Items 7 through 10 were reviewed by the June 11, 2025, Policy Committee. Items 11 through 17 were reviewed by the June 17, 2025, Finance and Audit Committee.

*Comments from the public are welcome when these agenda items are called.*

**Consent Calendar:**

3. Approve revised Board member compensation for service rendered at the request of the Board (pursuant to Resolution No. 23-06-02) for the period of April 16, 2025, through May 15, 2025.
4. Approve Board member compensation for service rendered at the request of the Board (pursuant to Resolution No. 23-06-02) for the period of May 16, 2025, through June 15, 2025.
5. Approval of the minutes of the regular meeting of May 15, 2025.
6. Approval of the minutes of the special meeting of June 4, 2025.
7. Accept the monitoring report for **Strategic Direction SD-4, Reliability**. Policy Committee 6/11. (Frankie McDermott)
8. Adopt the **2025 Update** to SMUD's 2023-2025 **Wildfire Mitigation Plan**. Policy Committee 6/11. (Frankie McDermott)
9. Accept the monitoring report for **Strategic Direction SD-8, Employee Relations**. Policy Committee 6/11. (Jose Bodipo-Memba)
10. Accept the monitoring report for **Strategic Direction SD-12, Ethics**. Policy Committee 6/11. (Jose Bodipo-Memba)
11. Approve Contract Change No. 4 to Contract No. 4500100166 with **Motorola Solutions, Inc.** for Next Generation Two-Way Radio System to increase the contract not-to-exceed amount by \$5,949,221, from \$13,724,750 to \$19,673,971. Finance and Audit Committee 6/17. (Suresh Kotha)
12. Approve Contract Change No. 1 to Contract No. 4600001985 with **W.A. Chester America, LLC**, to increase the contract not-to-exceed amount by \$1 million, from \$2 million to \$3 million, to repair the 115kV Station E to Station G Line 1 Underground High-Pressure Oil Filled (HPOF) cable fault. Finance and Audit Committee 6/17. (Frankie McDermott)
13. Authorize the Chief Executive Officer and General Manager to negotiate and award contracts to **ARB, Inc., Michels Pacific Energy, Inc., and Snelson Companies, Inc.** (collectively, the **Contracts**) to provide Gas Pipeline Operations Construction Projects and Services Support for a five-year term from July 1, 2025, to July 1, 2030, for a total aggregate not-to-exceed amount of \$20 million across the three **Contracts**. Finance and Audit Committee 6/17. (Lora Anguay)



14. Authorize the Chief Executive Officer and General Manager to negotiate and award contracts to **WBE Traffic Control LLC, Capitol Barricade, Inc., Statewide Traffic Safety & Signs dba AWP Safety, Traffic Management LLC, RoadSafe Traffic Systems, Inc., and Greentek Services, LLC** (collectively, the **Contracts**), for Traffic Control Services for a contract term of three years from July 1, 2025, to July 1, 2028, with two optional one-year extensions, for a total aggregate not-to-exceed amount of \$16 million across all the **Contracts**. **Finance and Audit Committee 6/17. (Laura Lewis)**
15. Approve Contract Change No. 5 to Contract No. 4500137959 with **Wood Mackenzie dba Power Advocate, Inc.** for consulting services to extend the contract expiration date from March 31, 2026, to December 31, 2027, and to increase the contract amount by \$3 million, from \$4.95 million to \$7.95 million. **Finance and Audit Committee 6/17. (Laura Lewis)**
16. Authorize the Chief Executive Officer and General Manager to negotiate and execute a three-year contract renewal with **Barclays Bank** for a **Letter of Credit** that supports \$150 million of the outstanding **Commercial Paper Series L**, with terms substantially similar to the attached term sheet, and any documents necessary to complete the transaction. **Finance and Audit Committee 6/17. (Scott Martin)**
17. Authorize the Chief Executive Officer and General Manager to negotiate and execute any and all contracts and documents necessary to effectuate the transfer to the **Sacramento Municipal Utility District (SMUD)** of assets and obligations of the **Sacramento Municipal Utility District Financing Authority (SFA)**, including the **Cosumnes Power Plant**, the **Carson Power Plant**, the **Procter & Gamble Power Plant**, the **Campbell Power Plant**, and the **McClellan Power Plant**. **Finance and Audit Committee 6/17. (Scott Martin)**

\* \* \* \* \*

#### **Discussion Calendar:**

18. Discussion and possible approval of draft rate resolutions introduced at the June 4, 2025, Board of Directors meeting to make changes to SMUD's Rates, Rules and Regulations and Open Access Transmission Tariff (OATT) proposed by the Chief Executive Officer and General Manager's Report and Recommendation on Rates and Services (Volumes 1 & 2) dated March 20, 2025, and the Chief Executive Officer and General Manager's Report and Recommendation on OATT (Volume 1) dated March 20, 2025, together the "CEO & GM Reports."

***Presenter: Alcides Hernandez***

\* \* \* \* \*

#### **Public Comment:**

19. Items not on the agenda.

#### **Board and CEO Reports:**

20. Directors' Reports.



21. President's Report.
22. CEO's Report.
  - a. Board Video

**Summary of Board Direction**

\* \* \* \* \*

**FOLLOWING ADJOURNMENT OF THE FOREGOING SMUD BOARD OF DIRECTORS MEETING, A SPECIAL MEETING OF THE FOLLOWING JOINT POWERS AGENCY WILL CONVENE:**

**SACRAMENTO MUNICIPAL UTILITY DISTRICT FINANCING AUTHORITY**

\* \* \* \* \*

**Board Committee Meetings and Special Meetings of the Board of Directors are held at the SMUD Headquarters Building, 6201 S Street, Sacramento**

June 17, 2025	Finance and Audit Committee and Special SMUD Board of Directors Meeting	Auditorium*	6:00 p.m.
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**Regular Meetings of the Board of Directors are held at the SMUD Headquarters Building, 6201 S Street, Sacramento**

July 17, 2025	Auditorium*	6:00 p.m.
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*\*The Auditorium is located in the lobby of the SMUD Headquarters Building, 6201 S Street, Sacramento, California.*

*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](http://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](mailto:Toni.Stelling@smud.org), or contact by phone at 1-916-732-7143, no later than 48 hours before this meeting.*











RESOLUTION NO. \_\_\_\_\_

**BE IT RESOLVED BY THE BOARD OF DIRECTORS  
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

That this Board hereby approves revised Board member compensation for service rendered at the request of the Board (pursuant to Resolution No. 23-06-02) for the period of April 16, 2025, through May 15, 2025.







RESOLUTION NO. \_\_\_\_\_

**BE IT RESOLVED BY THE BOARD OF DIRECTORS  
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

That this Board hereby approves Board member compensation for service rendered at the request of the Board (pursuant to Resolution No. 23-06-02) for the period of May 16, 2025, through June 15, 2025.







Sacramento, California

May 15, 2025

The Board of Directors of the Sacramento Municipal Utility District met in regular session simultaneously in the Auditorium of the SMUD Headquarters Building at 6201 S Street, Sacramento, and via virtual meeting (online) at 6:01 p.m.

Roll Call:

Presiding: President Fishman

Present: Directors Rose, Bui-Thompson, Herber, Kerth (telephonically, just cause provision), Tamayo, and Sanborn

Present also were Paul Lau, Chief Executive Officer and General Manager; Laura Lewis, Chief Legal & Government Affairs Officer and General Counsel and Secretary, other members of SMUD's executive management; and SMUD employees and visitors.

Director Herber shared the 2030 Climate Action Tip.

President Fishman announced turned to approval of the agenda and noted Vice President Tamayo had a concern.

Vice President Tamayo stated he needed to have an amendment to the compensation request for the period April 16-30, 2025, and requested to pull it from the Consent Calendar.

General Counsel Lewis requested to clarify that the motion was to move Item 3 from the Consent Calendar to Discussion Calendar and to approve the agenda as revised. President Fishman and Vice President Tamayo confirmed. Director Sanborn moved for approval of the agenda, as revised. Director Herber seconded, and the agenda, as revised, was unanimously approved.

President Fishman announced that a portion of the CEO Report would be given now.

Paul Lau, Chief Executive Officer and General Manager, reported on the following item:



1) **APPA Lineworkers Rodeo.** I am pleased to recognize the SMUD lineworkers who participated in the American Public Power Association's Lineworkers Rodeo. I will read the names of all the individuals we are recognizing tonight. Once we are done, we will have you all come up to the front for a group photo. Some team members could not be here tonight, but I will still recognize them by name. First up, the APPA Lineworkers' Rodeo. Congratulations to these Journeyman teams:

Richard J. Cancilla, III, Aaron K. Rudi and Dwight Johnson

- #1 in Overall Competition
- #1 in 4KV Crossarm Change Out

Tanner Barnes, Justin Estes and Walt Lyons

- #1 in Hurtman Rescue
- #1 in 12KV Riser Pole Arrester Replacement
- #1 in 12 KV Three-Phase Conductor Tie-In

Cayleb Bowman, Matt Wilson and Todd Prangley

- #2 in 12KV Riser Pole Arrester Replacement
- #2 in 4KV Double Dead-End Bell Change Out

Justin Hirschi, Garrett McGhehey and Kevin Cranford

- #2 in Hurtman Rescue
- #3 in 4KV Crossarm Change Out

Drew Wigington, Shane Bazil and Matt Ramey

- - #3 in 12KV Three-Phase Conductor Tie-In

And congratulations to these Apprentices:

Donovan Leardini - #4 Overall Competition

Sean Myles - #1 Hurtman Rescue

A special thank you to the judges, participants and auditors.

Congratulations to all!

President Fishman announced that former SMUD Director Bill

Slaton was in attendance and had requested to say a few words.



Mr. Slaton stated he was able to attend the most recent Lineworkers Rodeo and noted the amount of learning that occurs, benefiting SMUD's customers. He commended them on a great job and stated that after over 50 years in Sacramento, he and his wife would be moving to San Francisco to be closer to their new grandson. He noted that the team had given him a belt buckle in 2018, and he felt it would be appropriate to stay with Ward 7. He then presented the belt buckle to Director Sanborn to carry on the tradition of supporting lineworkers.

Director Sanborn thanked Mr. Slaton and noted that one of the very first things he had passed along to her was that she must support SMUD's line crews. She commended the lineworkers on their achievements.

Directors Kerth, Herber, Rose, Bui-Thompson, and Vice President Tamayo thanked the lineworkers and praised them for their outstanding performance at the rodeo.

President Fishman stated that the lineworkers are important first responders, and he was proud to see them perform with the skill, camaraderie and safety that they display every day. He congratulated them on their awards. He then invited Lucas Raley, Director of Line Assets, to say a few words.

Mr. Raley stated that the results of the rodeo are a true testament to SMUD's program and the dedication and pride that each of the lineworkers devotes to their craft. He thanked the Board, Mr. Lau, and Chief Operating Officer Frankie McDermott for their support.

President Fishman then stated he would give a portion of the President's Report now, where he had the pleasure of announcing the winners of SMUD's annual Earth Day Art Competition. He noted the competition was for kindergarten through sixth grade students in SMUD's service area, and their art is included in an 18-month SMUD Celebrates Earth Day Calendar. He thanked interns Annabelle Saechao and Sanai Corum Robertson for managing the competition, and announce the following winners:

- Elma Warwar
- Nidhay Gutha



- Enzo Diosana
- Sidney Salvador-Jones
- Landon Barnard
- Reyna Lac
- Amy Graber
- Reese Shipley
- Valeria Gonzalez
- Valentina Gonzalez
- Madison Garcia
- Prapti Patel
- Elvia Hernandez
- Umika Patel
- Eliana Zamorajenkins
- Miya Jensen
- Alex Chen
- Ivan Uvarov

Director Rose, Vice Chair, presented the report for the Finance & Audit Committee meeting held on May 13, 2025.

Director Sanborn, Chair, presented the report for the Policy Committee meeting held on May 13, 2025.

Director Rose, Chair, presented the report for the Energy Resources & Customer Services Committee meeting held on May 14, 2025.

President Fishman then called for public comment for items on the agenda, but none was forthcoming.

President Fishman then addressed the Consent Calendar consisting of Items 4 through 11. Vice President Tamayo moved for approval of the Consent Calendar, Director Bui-Thompson seconded, and Resolution Nos. 25-05-01 through 25-05-08 were unanimously approved.



**RESOLUTION NO. 25-05-01 OF  
THE BOARD OF DIRECTORS OF  
SACRAMENTO MUNICIPAL UTILITY DISTRICT  
AUTHORIZING THE EXECUTION AND DELIVERY OF A REIMBURSEMENT  
AGREEMENT, FEE AGREEMENT, CUSTODIAN AGREEMENT, AND  
REMARKETING AGREEMENT, THE EXECUTION, DELIVERY AND  
DISTRIBUTION OF A REMARKETING MEMORANDUM, AND CERTAIN OTHER  
ACTIONS RELATING TO THE PROVISION OF A SUBSTITUTE CREDIT FACILITY  
AND LIQUIDITY FACILITY, CONVERSION OF THE INTEREST RATE MODE AND  
REPLACEMENT OF THE REMARKETING AGENT FOR THE DISTRICT'S  
SUBORDINATED ELECTRIC REVENUE REFUNDING BONDS, 2023 SERIES C, THE  
ADDITION OF A MEMBER TO THE DISTRICT'S SENIOR MANAGER POOL, AND  
CERTAIN OTHER MATTERS RELATING THERETO**

WHEREAS, pursuant to Resolution No. 85-11-1, adopted by the Board of Directors of the Sacramento Municipal Utility District (the "District") on November 7, 1985, which was amended and restated by Resolution No. 01-06-10, adopted by the Board of Directors of the District on June 21, 2001, as supplemented and amended, including as supplemented by Resolution No. 23-05-07 (the "Supplemental Resolution"), adopted by the Board of Directors of the District on May 18, 2023, the District issued its Subordinated Electric Revenue Refunding Bonds, 2023 Series C (the "Bonds"); and

WHEREAS, the Bonds are currently supported by a liquidity facility consisting of the Standby Bond Purchase Agreement, dated as of June 1, 2023 (the "Existing Liquidity Facility"), between the District and TD Bank, N.A.; and

WHEREAS, pursuant to the terms of the Supplemental Resolution and the Existing Liquidity Facility, the District has determined to terminate the Existing Liquidity Facility and substitute an irrevocable, direct-pay letter of credit (the "Letter of Credit") to be provided by PNC Bank, National Association ("PNC Bank") therefor; and

WHEREAS, in connection with the substitution of the Letter of Credit for the Existing Liquidity Facility, the District has determined to replace Barclays Capital Inc. with PNC Capital Markets LLC ("PNC Capital Markets"), as remarketing agent for the Bonds; and

WHEREAS, concurrently with the substitution of the Letter of Credit for the Existing Liquidity Facility, the District has determined to convert the Interest Rate Mode (as defined in the Supplemental Resolution) for the Bonds from the Daily Mode to the Weekly Mode (as such terms are defined in the Supplemental Resolution); and

WEHREAS, by Resolution No. 24-02-08 (the "Underwriter Pool Resolution"), adopted by the Board of Directors of the District on February 15, 2024, the Board of Directors of the District established a Senior Manager Pool and an Alternate Pool and authorized the Chief Executive Officer and General Manager, or his designee, to select an underwriting team from the Senior Manager Pool on a transaction-by-transaction basis until July 31, 2029, and to move underwriters between the Senior Manager Pool and the Alternate Pool; and



WHEREAS, the District has determined to add PNC Capital Markets to the current Senior Manager Pool set forth in the Underwriter Pool Resolution.

BE IT RESOLVED by the Board of Directors of the District, as follows:

Section 1. Approval of and Execution and Delivery of the Reimbursement Agreement and the Fee Agreement. The form of Reimbursement Agreement relating to the Bonds between the District and PNC Bank (the “Reimbursement Agreement”) in substantially the form submitted to this meeting is hereby approved. The form of Fee Agreement relating to the Reimbursement Agreement between the District and PNC Bank (the “Fee Agreement”) in substantially the form submitted to this meeting is hereby approved. Any of the Chief Executive Officer and General Manager, any Member of the Executive Committee, the Treasurer, the Secretary or the Chief Financial Officer or the designee of any such officer (each an “Authorized Officer”), acting alone, is authorized and directed to execute and deliver the Reimbursement Agreement and the Fee Agreement in substantially such forms on behalf of the District, subject to such additions thereto and changes therein as any Authorized Officer shall approve after consultation with the District’s counsel (such approval to be conclusively evidenced by the execution of the Reimbursement Agreement and the Fee Agreement).

Section 2. Approval of and Execution and Delivery of the Custodian Agreement. The form of Custodian Agreement relating to the Bonds among the District, PNC Bank and U.S. Bank Trust Company, National Association (the “Custodian Agreement”) in substantially the form submitted to this meeting is hereby approved. Any Authorized Officer, acting alone, is authorized and directed to execute and deliver the Custodian Agreement in substantially such form on behalf of the District, subject to such additions thereto and changes therein as any Authorized Officer shall approve after consultation with the District’s counsel (such approval to be conclusively evidenced by the execution of the Custodian Agreement).

Section 3. Approval of and Execution and Delivery of the Remarketing Agreement. The form of Remarketing Agreement relating to the Bonds between the District and PNC Capital Markets (the “Remarketing Agreement”) in substantially the form submitted to this meeting is hereby approved. Any Authorized Officer, acting alone, is authorized and directed to execute and deliver the Remarketing Agreement in substantially such form on behalf of the District, subject to such additions thereto and changes therein as any Authorized Officer shall approve after consultation with the District’s counsel (such approval to be conclusively evidenced by the execution of the Remarketing Agreement).

Section 4. Approval of and Execution, Delivery and Distribution of the Remarketing Memorandum. The Remarketing Memorandum of the District relating to the Bonds (the “Remarketing Memorandum”) in substantially the form submitted to this meeting is hereby approved. Any Authorized Officer, acting alone, is authorized and directed to execute and deliver the Remarketing Memorandum in substantially such form on behalf of the District, subject to such additions thereto and changes therein as any Authorized Officer shall approve after consultation with the District’s counsel (such approval to be conclusively evidenced by the execution of the Remarketing Memorandum). PNC Capital Markets is authorized to distribute the Remarketing Memorandum to persons who may be interested in the purchase of the Bonds and to purchasers of the Bonds.



Section 5. Addition of PNC Capital Markets to Senior Manager Pool. Subject to the terms of the Underwriter Pool Resolution, PNC Capital Markets is hereby added to the existing Senior Manager Pool set forth in the Underwriter Pool Resolution.

Section 6. Other Related Actions. The Authorized Officers and other officers of the District are hereby authorized and directed to do any and all things and to negotiate, execute, deliver and perform any and all agreements and documents which they deem necessary or advisable in order to consummate and effectuate the purposes of these resolutions and the transactions contemplated hereby, including any and all agreements and documents relating to the conversion of the Interest Rate Mode for the Bonds from the Daily Mode to the Weekly Mode, and any actions heretofore taken and any agreements and documents heretofore executed and delivered by the officers of the District to consummate and effectuate the purposes of these resolutions and the transactions contemplated hereby, including any and all agreements and documents relating to the conversion of the Interest Rate Mode for the Bonds from the Daily Mode to the Weekly Mode, are hereby ratified and confirmed.

Approved: May 15, 2025

INTRODUCED: DIRECTOR TAMAYO				
SECONDED: DIRECTOR BUI-THOMPSON				
DIRECTOR	AYE	NO	ABSTAIN	ABSENT
FISHMAN	X			
ROSE	X			
BUI-THOMPSON	X			
HERBER	X			
KERTH	X			
TAMAYO	X			
SANBORN	X			



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REIMBURSEMENT AGREEMENT

Dated as of June 1, 2025

Between

SACRAMENTO MUNICIPAL UTILITY DISTRICT

and

PNC BANK, NATIONAL ASSOCIATION

\$132,020,000  
Sacramento Municipal Utility District  
Subordinated Electric Revenue Refunding Bonds  
2023 Series C

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## REIMBURSEMENT AGREEMENT

This REIMBURSEMENT AGREEMENT, dated as of June 1, 2025 (as the same may be amended, modified, supplemented and restated from time to time, this “*Agreement*”), is entered into between SACRAMENTO MUNICIPAL UTILITY DISTRICT, a municipal utility district of the State of California (“*SMUD*”), and PNC BANK, NATIONAL ASSOCIATION (together with its successors and assigns, the “*Bank*”).

### W I T N E S S E T H:

WHEREAS, pursuant to the authority granted by the laws of the State of California, particularly Articles 6a and 6b of Chapter 6 of the Municipal Utility Act (California Public Utilities Code Section 12850 *et seq.*), Chapter 7.5 of the Municipal Utility District Act (California Public Utilities Code Section 13371 *et seq.*) and Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (California Government Code Section 53580 *et seq.*), and Resolution No. 23-05-07 Fourteenth Supplemental Resolution Authorizing the Issuance of Subordinated Electric Revenue Refunding Bonds, 2023 Series C (as amended, supplemented, modified or restated in accordance with the terms hereof and thereof, the “*Supplemental Resolution*”) adopted by the Board of Directors of SMUD, on May 18, 2023, SMUD authorized the issuance of its Subordinated Electric Revenue Refunding Bonds, 2023 Series C (the “*Bonds*”); and

WHEREAS, SMUD has requested the Bank to issue the Letter of Credit (as hereinafter defined) for the payment by the Trustee, when and as due, of the principal and the purchase price of and interest on the Bonds; and

WHEREAS, the Bank is prepared to issue the Letter of Credit upon the terms and conditions stated in this Agreement;

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual promises contained herein and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, SMUD and the Bank hereby agree as follows:

## ARTICLE I

### DEFINITIONS

*Section 1.1. Definitions.* The following terms shall have the following meanings as used herein:

“*Act*” means the Municipal Utility District Act, constituting Division 6 of the Public Utilities Code of the State of California, and all laws of the State of California amendatory thereof or supplemental thereto.



*“Affiliate”* means, as to any Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person. A Person shall be deemed to be *“controlled by”* any other Person if such other Person possesses, directly or indirectly, power (a) to vote 10% or more of the securities (on a fully diluted basis) having ordinary voting power for the election of directors or managing general partners; or (b) to direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

*“Agreement”* has the meaning set forth in the introductory paragraph hereof.

*“Alternate Credit Enhancement”* has the meaning set forth in the Supplemental Resolution.

*“Alternate Liquidity Facility”* has the meaning set forth in the Supplemental Resolution.

*“Amortization Acceleration Event”* means, with respect to a Liquidity Advance, any of the following events: (i) if any Bond purchased with the proceeds of the Liquidity Drawing which gave rise to such Liquidity Advance is defeased, paid, prepaid or becomes due and payable pursuant to the terms of the Bond Resolution whether by defeasance, redemption, maturity, acceleration or otherwise or cancelled pursuant to the terms of the Bond Resolution; (ii) the remarketing of any Bond purchased with the proceeds of the Liquidity Drawing which gave rise to such Liquidity Advance; (iii) the replacement of the Letter of Credit with an Alternate Credit Enhancement and/or Alternate Liquidity Facility; (iv) the conversion of the Bonds from Bonds bearing interest at a Daily Rate or a Weekly Rate to Bonds bearing interest at some other rate (e.g., a fixed interest rate); or (v) if amounts are declared or otherwise become due and payable hereunder pursuant to Section 6.2 hereof.

*“Amortization End Date”* means the fifth (5th) anniversary of the date on which such Liquidity Advance was made.

*“Amortization Payment Date”* means, with respect to each Liquidity Advance, (a) one hundred eighty (180) days immediately following the making of such Liquidity Advance and the first Business Day of each sixth (6th) calendar month occurring thereafter prior to the related Amortization End Date and (b) the related Amortization End Date.

*“Anti-Corruption Laws”* has the meaning set forth in Section 4.1(u)(ii) hereof.

*“Anti-Terrorism Law”* has the meaning set forth in Section 4.1(v) hereof.

*“Authorized SMUD Representative”* means the Chief Executive Officer and General Manager of SMUD, any Member of the Executive Committee of SMUD, the Chief Financial Officer of SMUD, the Treasurer of SMUD and/or the Secretary of SMUD.

*“Available Amount”* has the meaning set forth in the Letter of Credit.

*“Bank”* has the meaning set forth in the initial paragraph.



*“Bank Agreement”* means any credit agreement, loan agreement, letter of credit, reimbursement agreement, bond purchase agreement, liquidity agreement, direct purchase agreement (such as a continuing covenant agreement or supplemental bondholder’s agreement) or other agreement or instrument (or any amendment, supplement or modification thereto) entered into by SMUD with any Person, directly or indirectly, or otherwise consented to by SMUD, under which any Person or Persons undertakes to directly purchase, make loans, extend credit or liquidity to SMUD in connection with any of SMUD’s Debt payable from or secured by a lien on Net Revenues senior to or on a parity with the Bonds, the Bank Bonds and the Reimbursement Obligations.

*“Bank Bond”* means each Bond that has been purchased with the proceeds of a draw on the Letter of Credit, until such Bonds are remarketed in accordance with Section 2.5(b) hereof or cease to bear interest at the Bank Rate pursuant to Section 2.5(c) hereof and shall constitute “Liquidity Provider Bonds” under the Supplemental Resolution.

*“Bank Bondholder”* means the Bank (but only in its capacity as owner (which as used herein shall mean the beneficial owner if at the relevant time Bank Bonds are held in book-entry form) of Bank Bonds pursuant to this Agreement) and any other Person to whom a Bank Bondholder has sold Bank Bonds pursuant to Section 2.5(a) hereof.

*“Bank Rate”* means the rate of interest per annum with respect to any Liquidity Advance (i) for any day commencing on the date such Liquidity Advance is made to and including the thirtieth (30th) day next succeeding the date such Liquidity Advance is made, equal to the Base Rate from time to time in effect, (ii) for any day commencing on the thirty-first (31st) day next succeeding the date such Liquidity Advance is made to and including the ninetieth (90th) day next succeeding the date such Liquidity Advance is made, equal to the sum of the Base Rate from time to time in effect *plus* one percent (1.00%) and (iii) for any day commencing on the ninety-first (91st) day next succeeding the date such Liquidity Advance is made and thereafter, equal to the sum of the Base Rate from time to time in effect *plus* two percent (2.00%); *provided* that at no time shall the Bank Rate be less than the rate on Bonds that are not Bank Bonds; *provided, however,* that immediately and automatically upon the occurrence of an Event of Default (and without any notice given with respect thereto) and during the continuance of such Event of Default, *“Bank Rate”* shall mean the Default Rate.

*“Bank-Related Persons”* means the Bank, its Affiliates and the officers, directors, employees, agents and attorneys-in-fact of the Bank and Affiliates.

*“Base Rate”* means, for any day, the rate per annum equal to the highest of (i) the Prime Rate then in effect, (ii) the Overnight Bank Funding Rate *plus* 0.50%, and (iii) 9.00%.

*“Bond Resolution”* means the Subordinate Bond Resolution as supplemented by the Supplemental Resolution.

*“Bonds”* has the meaning set forth in the recitals hereto.



*“Book Entry Bonds”* means the Bonds so long as the book entry system with DTC is used for determining beneficial ownership of the Bonds.

*“Business Day”* has the meaning set forth in the Letter of Credit. The Bank initially designates Pittsburgh, Pennsylvania as the city in which drawings under the Letter of Credit are to be made and honored.

*“Change in Law”* means the occurrence, after the Closing Date, of any of the following: (a) the adoption or taking effect of any Law, rule, regulation or treaty, including, without limitation Risk-Based Capital Guidelines, (b) any change in any Law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, ruling, guideline, regulation or directive (whether or not having the force of law) by any Governmental Authority; *provided* that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, rulings, guidelines, regulations or directives thereunder or issued in connection therewith and (ii) all requests, rules, rulings, guidelines, regulations or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States of America or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law,” regardless of the date enacted, adopted or issued.

*“Closing Date”* means June \_\_, 2025, subject to the satisfaction or waiver by the Bank of all of the conditions precedent set forth in Section 3.1 hereof.

*“Code”* means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

*“Collateral”* means the personal and/or real property of any Person granted as collateral to secure the Obligations for the benefit of the Bank.

*“Confidential Information”* means any permitted redactable information regarding SMUD, the Bank or any Affiliate of the Bank including, without limitation, address and account information, e-mail addresses, telephone numbers, facsimile numbers, names and signatures of officers, employees and signatories.

*“Conversion Date”* has the meaning set forth in the Supplemental Resolution.

*“Covered Compliance Entity”* means (a) SMUD and (b) each Person that, directly or indirectly, controls a Person described in clauses (a) above.

*“Credit Default”* means any condition or event which with the giving of notice or lapse of time or both would, unless cured or waived, become a Credit Event of Default.

*“Credit Enhancement”* has the meaning set forth in the Supplemental Resolution.



*“Credit Event of Default”* means any of those Events of Default set forth in Section 6.1(a), 6.1(d), 6.1(e), 6.1(f), 6.1(g), 6.1(h), 6.1(i), 6.1(j), 6.1(k), 6.1(m) , 6.1(n), 6.1(o) or 6.1(p) hereof.

*“Custodian Agreement”* means the Custodian Agreement, dated as of June 1, 2025 among the Bank, SMUD and U.S. Bank Trust Company, National Association, in its capacity as custodian, in the form attached hereto as Exhibit B, as amended, restated, supplemented or otherwise modified from time to time.

*“Daily Rate”* has the meaning set forth in the Supplemental Resolution.

*“Debt”* of any Person means at any date, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes, loan agreements, bank agreements or other similar instruments, (c) all obligations of such Person to pay the deferred purchase price of property or services (other than trade accounts payable arising in the ordinary course of business), (d) all obligations of such Person as lessee under leases (as determined under Governmental Accounting Standards Board Statement No. 87 Leases, or any successor guidance) shown on the liabilities side of the balance sheet of such Person, (e) all obligations secured by any Lien upon property of such Person, whether or not such Person has assumed or become liable for the payment of such obligations (other than collateralized commodity swaps the obligations under which are either (a) not secured by a Lien on Net Revenues or (b) secured by a Lien on Net Revenues subordinate to the Bonds and Bank Bonds), (f) all obligations of such Person on or with respect to letters of credit, banker’s acceptances and other evidences of indebtedness representing extensions of credit whether or not representing obligations for borrowed money, and (g) certificates of participation evidencing an undivided ownership interest in payments made by such Person (A) as lessee under any lease of property which in accordance with generally accepted accounting principles would be required to be capitalized on the balance sheet of such Person, (B) as purchaser under an installment sale agreement or (C) otherwise as an obligor in connection therewith, and (h) all Debt of any other Person of the kind referred to in clauses (a) through (g) above which is guaranteed directly or indirectly in any manner by such Person.

*“Default”* means any condition or event which with the giving of notice or lapse of time or both could reasonably be expected to, unless cured or waived, become an Event of Default.

*“Default Rate”* means a rate per annum equal to the sum of the Base Rate from time to time in effect on such date plus 3.00%.

*“Designated Jurisdiction”* means any country or territory to the extent that such country or territory itself is the subject of any Sanction.

*“Dollars”* and the sign “\$” means lawful money of the United States of America.

*“Drawing”* means a drawing made or permitted to be made pursuant to the terms of the Letter of Credit.

*“DTC”* means The Depository Trust Company, and any successor or assign.



*“Electric System”* has the meaning set forth in the Subordinate Bond Resolution.

*“Eligible Bonds”* means any Bonds bearing interest at the Weekly Rate or the Daily Rate other than (i) Bank Bonds, or (ii) Bonds owned by, for the account of, or on behalf of, or purchased with the property of, SMUD.

*“EMMA”* means the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System.

*“ERISA”* means the Employee Retirement Income Security Act of 1974, as amended, or any successor statute thereto.

*“Event of Default”* has the meaning set forth in Section 6.1 hereof.

*“Excess Interest”* has the meaning set forth in Section 2.19 hereof.

*“Excluded Taxes”* means, with respect to the Bank, any Participant or any Bank Bondholder, (a) taxes imposed on or measured by its overall net income (however denominated), and franchise taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision thereof) under the laws of which the Bank, such Participant or such Bank Bondholder is organized or in which its principal office is located, and (b) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction in which the Bank, such Participant or such Bank Bondholder is located.

*“Fee Agreement”* means that certain Fee Agreement dated June \_\_, 2025 between the Bank and SMUD, as the same may be amended, restated, supplemented or otherwise modified from time to time, the terms of which are incorporated herein by reference.

*“Fiscal Year”* means the twelve-month period commencing on January 1 of each year and ending on December 31 of the same calendar year or such other twelve-month period as SMUD may from time to time determine as its Fiscal Year.

*“Fitch”* means Fitch Ratings, Inc. and its successors, and if such Person shall for any reason no longer perform the functions of a securities rating agency, “Fitch” shall be deemed to refer to any nationally recognized securities rating agency designated by SMUD that is acceptable to the Bank in its sole discretion.

*“Fourth Lien Revenues”* means Available Revenues (as defined in the Note Resolutions), less all amounts required to be paid under the Note Resolutions for the payment of (a) principal of and interest on all Parity Notes (as defined in the Note Resolutions), (b) obligations of SMUD under any Credit Agreement, any Parity Notes Reimbursement Agreement and any Fee Letter (as such terms are defined in the Note Resolutions), and (c) all obligations of SMUD under any Energy/Fuel Contract Letter of Credit Facility Agreement (as defined in the Note Resolutions).

*“Government Acts”* means any act or omission to act, whether rightful or wrongful, of any present or future de jure or de facto government or Governmental Authority.



*“Government Official”* means any officer, employee, official, representative, or any Person acting for or on behalf of any Official Body, government-owned or government-controlled association, organization, business, or enterprise, or public international organization, any political party or official thereof and any candidate for political office.

*“Governmental Authority”* means the government of the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including, without limitation, the Financial Conduct Authority, the Prudential Regulation Authority and any supra-national bodies such as the European Union or the European Central Bank); *provided, however*, that, for the purposes of the definition of *“Change in Law”* herein only, *“Governmental Authority”* means the government of the United States of America or any other nation or any political subdivision thereof or any governmental or quasi-governmental entity, including any court, department, commission, board, bureau, agency, administration, central bank, service, district or other instrumentality of any governmental entity or other entity exercising executive, legislative, judicial, taxing, regulatory, fiscal, monetary or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or European Central Bank), or any arbitrator, mediator or other Person with authority to bind a party at law.

*“Indemnified Taxes”* means Taxes other than Excluded Taxes.

*“Interest Payment Date”* has the meaning set forth in the Supplemental Resolution.

*“Laws”* means, collectively, all international, foreign, federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

*“Letter of Credit”* means irrevocable direct-pay letter of credit number [\_\_\_\_\_] dated June \_\_, 2025, issued by the Bank for the account of SMUD in favor of the Trustee supporting the Bonds, in the form of Exhibit A hereto, together with all appropriate insertions, as extended, supplemented and amended from time to time.

*“Lien”* means, with respect to any property, tangible or intangible, real or personal, any mortgage, lien, pledge, charge, security interest or other encumbrance of any kind in respect of such property.

*“Liquidity Advance”* and *“Liquidity Advances”* have the meanings set forth in Section 2.3 hereof.



*“Liquidity Drawing”* means a Drawing made under the Letter of Credit for the purpose of purchasing Bonds tendered or deemed tendered for purchase pursuant to Section 84.01 or 84.02 of the Supplemental Resolution and not remarketed.

*“Liquidity Facility”* has the meaning set forth in the Supplemental Resolution.

*“Liquidity Provider Bonds”* has the meaning set forth in the Supplemental Resolution.

*“Mandatory Tender”* means the mandatory tender of the Bonds on any date on which the Bonds are subject to mandatory tender for purchase in accordance with Section 84.02 of the Supplemental Resolution.

*“Material Adverse Effect”* or *“Material Adverse Change”* means (a) with respect to SMUD, a material adverse effect upon SMUD’s business, assets, liabilities, financial condition, results of operations or business prospects, and (b) with respect to SMUD’s obligations under this Agreement, the Fee Agreement or any other SMUD Program Document, a material adverse effect upon (i) the binding nature, validity or enforceability of SMUD’s obligations hereunder or thereunder, (ii) SMUD’s ability to perform its obligations hereunder or thereunder or (iii) the rights, security or interests of the Bank.

*“Maximum Interest Rate”* means (i) with respect to Bonds that are not Bank Bonds, the maximum interest rate on the Bonds as provided in the Supplemental Resolution, which initially shall be 12% per annum and (ii) with respect to Bank Bonds, means the Maximum Rate.

*“Maximum Rate”* means the maximum non-usurious lawful rate of interest permitted by applicable law.

*“Moody’s”* means Moody’s Investors Service and its successors, and if such Person shall for any reason no longer perform the functions of a securities rating agency, *“Moody’s”* shall be deemed to refer to any nationally recognized securities rating agency designated by SMUD that is acceptable to the Bank in its sole discretion.

*“Net Revenues”* has the meaning set forth in the Subordinate Bond Resolution.

*“Net Subordinated Revenues”* has the meaning set forth in the Subordinate Bond Resolution.

*“Note Resolutions”* means (a) Resolution No. 11-12-05, adopted by SMUD on December 1, 2011, as supplemented, modified and amended in accordance with its terms, (b) Resolution No. 19-02-02, adopted by SMUD on February 21, 2019, as supplemented, modified and amended in accordance with its terms, (c) Resolution No. 22-02-07, adopted by SMUD on February 17, 2022, as supplemented, modified and amended in accordance with its terms, and (d) any other resolution of SMUD providing for the issuance of Parity Notes and/or providing for a pledge of the Available Revenues to secure SMUD’s obligations under Credit Agreements, Parity Notes Reimbursement Agreements and/or Energy/Fuel Letter of Credit Facility Agreements (as all such terms are defined in the foregoing resolutions).



*“Notice of Extension”* has the meaning set forth in Section 2.3 hereof.

*“Obligations”* shall mean SMUD’s obligation to reimburse all Drawings, to repay all Liquidity Advances, to pay debt service on the Bank Bonds, to make the required payments under the Revolving Note, to pay the principal, interest, fees, expenses, costs and other amounts owed to the Bank or any Participant pursuant to the terms of this Agreement, the Fee Agreement, any Program Document or any other document, instrument or agreement entered into by SMUD with or in favor of the Bank in connection herewith or therewith, together with all covenants and duties owing by SMUD to the Bank of any kind or description, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising.

*“OFAC”* means the U.S. Department of the Treasury’s Office of Foreign Assets Control, and any successor thereto.

*“Official Body”* means the government of the United States of America or of any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank) and any group or body charged with setting financial accounting or regulatory capital rules or standards (including the Financial Accounting Standards Board, the Bank for International Settlements or the Basel Committee on Banking Supervision or any successor or similar authority to any of the foregoing).

*“Official Statement”* means the **[Remarketing Memorandum]** dated **[June \_\_]**, 2025, relating to the Bonds.

*“Optional Tender”* means the optional tender of any of the Bonds in accordance with Section 84.01 of the Supplemental Resolution.

*“Outstanding”* has the meaning set forth in the Supplemental Resolution.

*“Overnight Bank Funding Rate”* means for any day, the rate comprised of both overnight federal funds and overnight eurocurrency borrowings by U.S.-managed banking offices of depository institutions, as such composite rate shall be determined by the Federal Reserve Bank of New York, as set forth on its public website from time to time, and as published on the next succeeding Business Day as the overnight bank funding rate by the Federal Reserve Bank of New York (or by such other recognized electronic source (such as Bloomberg) selected by the Bank for the purpose of displaying such rate); *provided*, that if such day is not a Business Day, the Overnight Bank Funding Rate for such day shall be such rate on the immediately preceding Business Day; *provided, further*, that if such rate shall at any time, for any reason, no longer exist, a comparable replacement rate determined by the Bank at such time (which determination shall be conclusive absent manifest error). If the Overnight Bank Funding Rate determined as above would be less than zero, then such rate shall be deemed to be zero. The rate of interest charged shall be adjusted as of each Business Day based on changes in the Overnight Bank Funding Rate without notice to SMUD.



*“Parity Subordinated Debt”* has the meaning set forth in the Subordinate Bond Resolution.

*“Participant”* has the meaning assigned to it in Section 7.3(b) hereof.

*“Patriot Act”* means the USA Patriot Act, Title III of Pub. L. 107-56 (signed into law October 26, 2001).

*“Payment Office”* has the meaning assigned to such term in the Fee Agreement.

*“Person”* means an individual, a corporation, a partnership, an association, a limited liability company, an association, a joint venture, a trust, an unincorporated organization or any other entity or organization, including a government or political subdivision or any agency or instrumentality thereof.

*“Plan”* means a pension plan providing benefits for employees of any person.

*“Prime Rate”* means the interest rate per annum announced from time to time by the Bank at its Principal Office as its then prime rate, which rate may not be the lowest or most favorable rate then being charged to commercial borrowers or others by the Bank and may not be tied to any external rate of interest or index. Any change in the Prime Rate shall take effect at the opening of business on the day such change is announced. Notwithstanding anything herein to the contrary, if the Prime Rate determined as provided above would be less than zero percent (0.0%), then the Prime Rate shall be deemed to be zero percent (0.0%).

*“Principal Office”* means the main banking office of the Bank in Pittsburgh, Pennsylvania.

*“Program Documents”* means the Bond Resolution (including, without limitation, the Supplemental Resolution), the Revolving Note, the Bonds, the Remarketing Agreement, the Fee Agreement, this Agreement, the Letter of Credit and the Custodian Agreement and any documents related thereto.

*“Rating Agency”* or *“Rating Agencies”* means, individually or collectively, as applicable, Fitch, Moody’s and S&P.

*“Recipient”* means the Bank and its parent or holding company, each Participant and its parent or holding company, each Bank Bondholder and its parent or holding company, and any other recipient of any payment to be made by or on account of any obligation of SMUD hereunder.

*“Reimbursement Obligations”* means any and all obligations of SMUD to reimburse the Bank for any Drawings under the Letter of Credit and all obligations to repay the Bank for any Liquidity Advance and Bank Bonds, including in each instance all interest accrued thereon, which obligations are evidenced and secured by the Revolving Note.

*“Remarketing Agent”* means PNC Capital Markets LLC, and its successors and assigns.



*“Remarketing Agreement”* means the Remarketing Agreement dated as of June \_\_, 2025, between SMUD and the Remarketing Agent, as amended, supplemented, modified or restated from time to time in accordance with the terms hereof or thereof, or such other agreement as may be entered into with any remarketing agent with respect to the remarketing of the Bonds.

*“Revenues”* has the meaning set forth in the Subordinate Bond Resolution.

*“Revolving Note”* means the revolving note issued to the Bank pursuant to Section 86.12 of the Supplemental Resolution.

*“S&P”* means S&P Global Ratings, and its successors, and if such division shall for any reason no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by SMUD that is acceptable to the Bank in its sole discretion.

*“Sanction”* or *“Sanctions”* means any economic or financial sanction administered or enforced by the United States Government (including, without limitation, those administered by the U.S. Department of the Treasury’s Office of Foreign Assets Control (OFAC), the U.S. Department of State, the U.S. Department of Commerce, or through any existing or future United States Government statute or executive order.

*“Senior Bonds”* has the meaning given to the term “Parity Bonds” as defined in the Bond Resolution.

*“Senior Bond Resolution”* means Resolution No. 6649 of SMUD, adopted on January 7, 1971, and amended, supplemented, modified or restated from time to time in accordance with the terms hereof and thereof.

*“SMUD”* has the meaning set forth in the initial paragraph hereof.

*“SMUD Board”* means the board of directors of SMUD.

*“SMUD Program Documents”* means the Program Documents to which SMUD is a party (including, without limitation, the Bond Resolution).

*“State”* means the State of California.

*“Stated Expiration Date”* has the meaning set forth in the Letter of Credit.

*“Subordinate Bond Resolution”* means Resolution No. 85-11-1 of SMUD, duly adopted at a meeting of SMUD on November 7, 1985, as amended and restated by Resolution No. 01-06-10 of SMUD, duly adopted at a meeting of SMUD on June 21, 2001, and amended, supplemented, modified or restated from time to time in accordance with the terms thereof.

*“Substitution Date”* has the meaning set forth in the Supplemental Resolution.



*“Supplemental Resolution”* has the meaning set forth in the recitals hereof.

*“Swap Contract”* means any and all interest rate swap transactions or any other similar interest rate hedging transactions that hedge the interest rate on securities or other obligations issued by or on behalf of SMUD (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement.

*“Taxes”* means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, fines, additions to tax or penalties applicable thereto.

*“Termination Date”* has the meaning set forth in the Letter of Credit.

*“Trustee”* has the meaning set forth in the Bond Resolution.

*“Weekly Rate”* has the meaning set forth in the Supplemental Resolution.

*“2024 Financial Statements”* means the financial statements of SMUD for the Fiscal Year ended December 31, [2024].

*Section 1.2. Incorporation of Certain Definitions by Reference.* Each capitalized term used herein and not otherwise defined herein shall have the meaning provided therefor in the Bonds Resolution and, if not defined therein, in the Senior Bond Resolution.

*Section 1.3. Accounting Terms and Determinations.* All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles.

*Section 1.4. Interpretation.* The following rules shall apply to the construction of this Agreement and the Fee Agreement unless the context requires otherwise: (a) the singular includes the plural, and the plural the singular; (b) words importing any gender include the other gender and the neuter gender; (c) references to statutes are to be construed as including all statutory provisions consolidating, and all regulations promulgated pursuant to, such statutes; (d) references to “writing” include printing, photocopy, typing, lithography and other means of reproducing words in a tangible visible form; (e) the words “including”, “includes” and “include” shall be deemed to be followed by the words “without limitation”; (f) references to the introductory paragraph, recitals, articles, sections (or clauses or subdivisions of sections), exhibits, appendices, annexes or schedules are to those of this Agreement unless otherwise indicated; (g) references to agreements and other contractual instruments shall be deemed to include all subsequent amendments and other modifications to such instruments, but only to the extent that such amendments and other modifications are permitted or not prohibited by the terms of this Agreement; (h) article and section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose; and (i) unless otherwise indicated, references to Persons include their respective permitted successors and assigns.



## ARTICLE II

### LETTER OF CREDIT; REIMBURSEMENT; LIQUIDITY ADVANCES; PAYMENT TERMS

*Section 2.1. Issuance of Letter of Credit; Letter of Credit Draws* "Section 2.1. Issuance of Letter of Credit" \ 2 . (a) Upon the terms, subject to the conditions and relying upon the representations and warranties set forth in this Agreement or incorporated herein by reference, the Bank agrees to issue the Letter of Credit substantially in the form of Exhibit A hereto. The Letter of Credit shall be in the original stated amount of \$[ ] (calculated as the sum of the aggregate outstanding principal amount of the Bonds on the Closing Date (*i.e.*, \$[132,020,000]) plus interest thereon at a maximum rate of twelve percent (12%) per annum for a period of [ ] ( ) days] calculated on the basis of a year of 365 days and the actual number of day elapsed).

(b) The Trustee is authorized to make Drawings under the Letter of Credit in accordance with its terms. SMUD hereby directs the Bank to make payments under the Letter of Credit in the manner provided for therein. No drawing shall be made under the Letter of Credit for the payment of principal or interest on or the purchase price of Bonds other than Eligible Bonds. SMUD hereby irrevocably approves reductions and reinstatements of the Available Amount with respect to the Letter of Credit as provided in the Letter of Credit. Upon honoring any Drawing, the Bank shall be deemed to have made a loan for the benefit of SMUD the proceeds of which shall be used by the Trustee to pay the principal of and accrued interest on or the purchase price of the Bonds in accordance with the terms of the Supplemental Resolution.

*Section 2.2. Request to Extend Stated Expiration Date.* At any time prior to the 60<sup>th</sup> day prior to the then current Stated Expiration Date, SMUD may, by written notice to the Bank, request that the then current Stated Expiration Date be extended. Following its receipt of such a request, the Bank, in its sole and absolute discretion (and after such due diligence (if any) as the Bank shall undertake), shall notify SMUD and the Trustee of its decision with respect to such request within 60 days of such receipt, together with any conditions thereto (including, without limitation, change in pricing), it being understood and agreed that the failure of the Bank to notify SMUD of any decision within such 60 day period shall be deemed to be a rejection of such request and the Bank shall not incur any liability or responsibility whatsoever to any Person by reason of its failure so to notify SMUD or as a result of its rejection of such request. If the Bank, in its sole discretion, elects to extend the Stated Expiration Date then in effect, the Bank shall deliver to the Trustee a notice of extension in the form of Annex H to the Letter of Credit (each, a "Notice of Extension") designating the date to which the Stated Expiration Date is being extended. Such extension of the Stated Expiration Date shall be effective immediately upon its issuance, and thereafter all references in this Agreement to the Stated Expiration Date shall be deemed to be references to the date designated as such in the most recent Notice of Extension delivered to the Trustee. Any date to which the Stated Expiration Date has been extended in accordance with this Section 2.2 may be extended in like manner.

*Section 2.3. Liquidity Advances.* (a) If (i) the Bank shall honor payment of a Liquidity Drawing, (ii) such payment is not reimbursed by 1:00 p.m. (Pacific time) on the day such payment is made, and (iii) the conditions precedent set forth in Section 3.2 hereof are satisfied, such payment shall constitute, and the Bank shall be deemed to have extended, a liquidity advance to



SMUD on such day and in the amount of such Liquidity Drawing (each such liquidity advance, a “*Liquidity Advance*” and, collectively, the “*Liquidity Advances*”) and such unreimbursed Liquidity Drawing shall be deemed paid and become a Liquidity Advance on the day such Liquidity Drawing is made. Subject to Section 6.2(b) hereof, each Liquidity Advance, together with accrued interest thereon, shall be paid in equal (or nearly equal) semi-annual installments of principal on each Amortization Payment Date for such Liquidity Advance and with the final installment in an amount equal to the then outstanding principal balance of such Liquidity Advance being due and payable no later than the Amortization End Date for such Liquidity Advance, *provided* that if, prior to the Amortization End Date for such Liquidity Advance, an Amortization Acceleration Event shall occur, such Liquidity Advance, together with accrued interest thereon, shall be due and payable in full on the date such Amortization Acceleration Event occurs.

(b) The obligation of SMUD to repay each Liquidity Drawing and Liquidity Advance and to pay interest thereon as provided herein shall be evidenced and secured by the related Bank Bonds.

(c) SMUD also promises to pay to the Bank interest on the unpaid principal amount of each Liquidity Advance from the date such Liquidity Advance is made to and including the Amortization End Date for such Liquidity Advance or until it is otherwise paid in full as provided herein, at a rate per annum equal to the Bank Rate from time to time in effect. Accrued interest on each Liquidity Advance shall be payable in arrears on the first Business Day of each calendar month, the date of any Amortization Acceleration Event for such Liquidity Advance, upon payment of such Liquidity Advance, the Amortization End Date for such Liquidity Advance and, thereafter, on demand.

(d) In the event that the principal of, and interest on, any outstanding Liquidity Advance is not paid when due, SMUD shall pay interest on the principal amount of such Liquidity Advance and the amount of the unpaid interest, if any, on demand, at the Default Rate. Interest shall be calculated on the basis of a year consisting of 360 days and actual days elapsed.

*Section 2.4. Reimbursement of Drawings.* SMUD agrees to reimburse the Bank for the full amount of any Liquidity Drawing (but only if the conditions precedent to such Liquidity Drawing being deemed to have been paid by a Liquidity Advance contained in Section 2.3 hereof are not satisfied on the date of payment by the Bank of such Liquidity Drawing) and all other Drawings immediately upon payment by the Bank of each such Drawing and on the date of each such payment. If SMUD does not make such reimbursement in full by 1:00 p.m. (Pacific time) on such date, such Obligation shall bear interest at the Default Rate and shall be payable on demand.

*Section 2.5. Sale of Bank Bonds* "Section 2.5. Sale of Bank Bonds" \1 2 .

(a) *Right to Sell Bank Bonds.* The Bank expressly reserves the right to sell, at any time, without the consent of SMUD, Bank Bonds subject, however, to the express terms of this Agreement. The Bank agrees that such sales (other than sales made pursuant to Section 2.2(c) hereof) will be made only to institutional investors or other entities or individuals which customarily purchase tax-exempt or taxable securities in large denominations. The Bank agrees to notify SMUD, the Trustee and the Remarketing Agent promptly in writing of any such sale



(other than a sale made pursuant to Section 2.5(c) hereof) and, if such Bank Bond is a Book Entry Bond, specifying in accordance with DTC guidelines the account at DTC to which such Bank Bond is credited; and to notify the transferee in writing that such Bond is no longer an Eligible Bond so long as it remains a Bank Bond and that there may not be a short-term investment rating assigned to such Bond so long as it remains a Bank Bond. Any Bank Bondholder purchasing a Bank Bond from the Bank shall be deemed to have agreed (i) not to sell such Bank Bond to any Person except the Bank, an institutional investor or other entity or individual which customarily purchases tax-exempt or taxable securities in large denominations or a Purchaser identified by the Remarketing Agent pursuant to Section 2.5(b) hereof and (ii) if such Bank Bond is a Book Entry Bond, to give all notices in the manner and by the time required by DTC to exclude such Bank Bond from Mandatory Tenders of Bonds while it remains a Bank Bond.

(b) *Purchase Notices.* Prior to 12:30 p.m., New York City time, on any Business Day on which a Bank Bondholder holds Bank Bonds, the Remarketing Agent may deliver a notice (a “*Purchase Notice*”) to a Bank Bondholder as registered on the bond register and to the Bank, stating that it has located a purchaser (the “*Purchaser*”) for some or all of such Bank Bonds and that such Purchaser desires to purchase on the Business Day following the Business Day on which a Bank Bondholder receives, prior to 12:30 p.m., New York City time, a Purchase Notice (a “*Sale Date*”) an authorized denomination of such Bonds at a price equal to the principal amount thereof, plus accrued interest thereon (calculated as if such Bonds were not Bank Bonds) (the “*Sale Price*”).

(c) *Sale of Bank Bonds.* A Bank Bondholder shall decide whether to sell any Bank Bonds to any Purchaser and shall give written notice of such decision to SMUD, the Trustee and the Remarketing Agent by 3:00 p.m., New York City time, on the Business Day preceding the Sale Date. In the event such notice is not timely delivered by a Bank Bondholder, such Bank Bondholder shall be deemed to have determined to sell such Bank Bonds to a Purchaser on the Sale Date (subject to receipt by it of the funds called for by the next following sentence). If a Bank Bondholder determines or is deemed to have determined to sell such Bank Bonds to a Purchaser, such Bank Bondholder shall deliver such Bank Bonds to the Trustee (or, in the case of Bank Bonds which are Book Entry Bonds, shall cause the beneficial ownership thereof to be credited to the account of the Remarketing Agent at DTC) by 10:00 a.m., New York City time, on the Sale Date against receipt of the Sale Price therefor in immediately available funds or at the Bank Bondholder’s address listed in the bond register, and such Bonds shall thereupon no longer be considered Bank Bonds; *provided* that, in the event that the Bank Bondholder has not delivered Bank Bonds as provided above and the Sale Price therefor has been delivered as provided above, such Bank Bonds shall be deemed to have been delivered and such Bonds shall no longer be considered Bank Bonds. When Bank Bonds are purchased in accordance with this Section 2.5(c), the Trustee shall, upon receipt of such Bank Bonds and upon receipt by such Bank Bondholder of the Sale Price, notify SMUD and the Remarketing Agent that such Bonds are no longer Bank Bonds. Any interest accrued on the Bank Bonds shall be paid to the Bank Bondholder by SMUD at the Bank Rate, as provided herein. Any sale of a Bank Bond pursuant to this Section 2.5 shall be without recourse to the seller and without representation or warranty of any kind. If a Bank Bondholder notifies SMUD, the Trustee and the Remarketing Agent, as provided in the first sentence of this Section 2.5(c), that it will not sell its Bank Bonds, the Trustee shall notify SMUD, the Remarketing Agent, the Bank and such Bank Bondholder that, as of the Sale Date, such Bond



or Bonds shall no longer constitute Bank Bonds and such Bonds shall be deemed to have been remarketed and the Bank agrees that the Available Amount of the Letter of Credit shall be appropriately increased on the Sale Date and such Bonds shall bear interest at the same rate as Bonds that are not Bank Bonds.

(d) *Delivery Versus Payment.* Notwithstanding any provisions of this Section 2.5 to contrary, the Bank and DTC may cause the transfer of any Bank Bond and the transfer of any funds described in this Section 2.5 on the basis of delivery versus payment or by such other means as shall be acceptable to the Bank, the Trustee and DTC and not contrary to the Bond Resolution.

*Section 2.6. Prepayments.* (a) SMUD may, on any Business Day prepay the outstanding amount of any Liquidity Advance without premium or penalty, in whole or in part in amounts aggregating at least \$100,000, with accrued interest to the date of such prepayment on the amount prepaid. In the event SMUD partially prepays a Liquidity Advance, such prepayment shall be applied to remaining principal installments in reverse chronological order. Following the occurrence of an Event of Default, any payments received by the Bank hereunder shall be applied by the Bank to the payment of the Obligations in such order and such manner as the Bank shall determine.

(b) Upon the remarketing of Bank Bonds, SMUD shall cause the Trustee to deliver to the Bank all proceeds thereof. If the Bank receives proceeds from the remarketing of Bank Bonds accompanied by a certificate completed and signed by the Trustee in the form of Annex J to the Letter of Credit, the Bank shall (i) apply such proceeds (with interest being paid before principal) to the reimbursement of the Drawing the proceeds of which were used to purchase such Bank Bonds (or, if such Drawing was deemed paid by the making of a Liquidity Advance, the proceeds shall be applied to the payment of the principal of, and interest on, such Liquidity Advance) and (ii) reinstate the Letter of Credit in accordance with its terms.

*Section 2.7. Evidence of Debt.* (a) All Reimbursement Obligations shall be made against and evidenced by the Revolving Note.

(b) The Bank shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of SMUD resulting from each Drawing made from time to time under the Letter of Credit, the making of Liquidity Advances and the amounts of principal and interest payable and paid from time to time hereunder. Such account or accounts shall be made available to SMUD during regular business hours upon the reasonable request of SMUD to the Bank. In any legal action or proceeding in respect of this Agreement, the entries made in such account or accounts shall be conclusive evidence (absent manifest error) of the existence and amounts of the obligations of SMUD therein recorded; *provided, however*, that the failure to make, or any error in making, any such entry shall not limit, extinguish or in any way modify the Obligations of SMUD to the Bank hereunder or under the Fee Agreement. Upon the request of SMUD, the Bank shall provide SMUD a statement showing the amounts recorded in such account or accounts.

*Section 2.8. Security.* (a) The Letter of Credit constitutes the current Credit Enhancement and the current Liquidity Facility under the Supplemental Resolution, and this Agreement



constitutes the current Reimbursement Agreement under the Supplemental Resolution and has all rights and benefits thereof. In order to secure the timely payment of the Bonds, the Bank Bonds, the Reimbursement Obligations and all other Parity Subordinated Debt, SMUD has pledged the Net Subordinated Revenues, pursuant to and on the terms and subject to the conditions set forth in the Bond Resolution. The pledge of Net Subordinated Revenues under the Bond Resolution constitutes a valid pledge of, lien upon and security interest in the Net Subordinated Revenues, has attached and is effective, binding, and enforceable against SMUD, its successors, purchasers of any of the Net Subordinated Revenues, creditors, and all others asserting rights therein to the extent set forth in, and in accordance with, the Bond Resolution, irrespective of whether those parties have notice of the lien on, security interest in and pledge of the Net Subordinated Revenues and without the need for any physical delivery, recordation, filing or further act. The pledge of the Net Subordinated Revenues securing the Bonds, the Bank Bonds, the Reimbursement Obligations and all other the Parity Subordinated Debt is only subordinate to the pledge of the Net Revenues securing the Senior Bonds.

(b) In order to secure the timely payment of all Obligations hereunder and under the Fee Agreement (other than Reimbursement Obligations and the Bank Bonds), SMUD hereby pledges the Fourth Lien Revenues. The pledge of the Fourth Lien Revenues hereunder constitutes a valid pledge of, lien upon and security interest in the Fourth Lien Revenues, has attached and is effective, binding, and enforceable against SMUD, its successors, purchasers of any of the Fourth Lien Revenues, creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien on, security interest in and pledge of the Fourth Lien Revenues and without the need for any physical delivery, recordation, filing or further act. The pledge of the Fourth Lien Revenues hereunder shall be on parity with any other pledge of the Fourth Lien Revenues made by SMUD from time to time regardless of when such pledge was or is made.

*Section 2.9. Bank Bonds.* Upon honoring a Liquidity Drawing, the Bank shall be deemed to have purchased the Bank Bonds with respect to which such Liquidity Drawing is made and such Bank Bonds shall, from the date of such purchase and while they are Bank Bonds, bear interest at the Bank Rate and have other characteristics of Bonds set forth in the Bond Resolution. Upon purchasing Bank Bonds, the Bank shall be entitled to and, where necessary, shall be deemed assigned all rights and privileges accorded Holders, except to the extent such rights and privileges conflict with this Agreement, in which case the terms of this Agreement shall prevail and govern. Upon purchasing Bank Bonds, the Bank shall be recognized by SMUD and the Trustee as the true and lawful owner of such Bank Bonds, free from any claims, liens, security interests, equitable interests and other interests of SMUD, except as such interests might exist under the terms of the Bank Bonds with respect to all Holders, and shall have all the rights granted to holders of the Bonds under the Bond Resolution and such additional rights as may be granted to the Bank hereunder. Bank Bonds purchased by the Bank shall be held by the Trustee, as custodian, in the name of the Bank, or its nominee, or to otherwise deliver such Bank Bonds as directed by the Bank pursuant to the terms of the Custodian Agreement. To the extent that the Bank actually receives payment in respect to principal of or interest on any Bank Bond held by the Bank, the Liquidity Drawing or Liquidity Advance made in connection with the purchase of such Bank Bond shall be deemed to have been reduced *pro tanto*, with the Bank crediting any payment on such Bank Bond received by it, first to the payment of any outstanding interest accrued on the related Liquidity



Drawing or Liquidity Advance, and second to the payment of the principal of such Liquidity Drawing or Liquidity Advance.

*Section 2.10. Substitute Letter of Credit* "Section 2.10. Substitute Letter of Credit" \1 2 . Notwithstanding any provisions of this Agreement or the Letter of Credit to the contrary, SMUD agrees not to terminate or permanently reduce the Letter of Credit unless (i) SMUD pays to the Bank all amounts due to the Bank pursuant to the terms of the Fee Agreement in connection with such event, (ii) in the case of the termination of the Letter of Credit, the Bank receives payment from SMUD of all Obligations payable hereunder and under the Revolving Note and (iii) SMUD provides the Bank with thirty (30) days' prior written notice of its intent to permanently reduce or terminate the Letter of Credit; *provided* that all payments to the Bank referred to in clause (i) and (ii) above shall be made in immediately available funds; *provided, however,* that any such termination or permanent reduction of the Letter of Credit shall be in compliance with the terms and conditions of the Bond Resolution.

*Section 2.11. Computation of Interest and Fees* "Section 2.11. Computation of Interest and Fees" \1 2 . All fees payable hereunder and under the Fee Agreement shall be calculated on the basis of a 360-day year based upon the actual number of days elapsed and interest with respect to Bank Bonds and all other Obligations shall be calculated on the basis of a 365 or 366 day year, as applicable, and the actual number of days elapsed. Interest shall accrue during each period during which interest is computed from and including the first day thereof to but excluding the last day thereof.

*Section 2.12. Late Payments* "Section 2.12. Late Payments" \1 2 . If the principal amount of any Obligation is not paid when due or upon the occurrence of any Event of Default, all Obligations shall bear interest until paid in full at a rate per annum equal to the Default Rate.

*Section 2.13. Source of Funds* "Section 2.13. Source of Funds" \1 2 . All payments made by the Bank pursuant to the Letter of Credit shall be made from funds of the Bank, and not from the funds of any other Person.

*Section 2.14. Fee Agreement.* SMUD shall pay all amounts set forth in the Fee Agreement at the times and in the manner set forth in the Fee Agreement the terms of the Fee Agreement being incorporated herein by reference as if fully set forth herein. Any reference herein or in any other document to fees and/or other amounts or obligations payable under this Agreement shall include, without limitation, all fees and other amounts payable pursuant to the Fee Agreement, and any reference to this Agreement shall be deemed to include a reference to the Fee Agreement.

*Section 2.15. Method and Place of Payment.* Except as otherwise specifically provided herein, all amounts payable under this Agreement and under the Fee Agreement shall be made without condition or deduction for any counterclaim, setoff, recoupment, or other defense to the applicable Payment Office of the Bank not later than 1:00 p.m. Pacific time on the date when due and shall be made in Dollars in immediately available funds. Whenever any payment to be made hereunder or under the Fee Agreement shall be stated to be due on a day which is not a Business Day, the due date thereof shall be extended to the next succeeding Business Day and, with respect to payments of principal, interest shall be payable at the applicable rate during such extension.



Amounts received later than 1:00 p.m. Pacific time on a Business Day but before the Bank's close of business on such Business Day shall be deemed received on or before 1:00 p.m. Pacific time on the next Business Day.

*Section 2.16. Net of Taxes, Etc..* (a) Any and all payments to the Bank or any Bank Bondholder or any Participant by SMUD hereunder, under the Fee Agreement or with respect to the Bank Bonds shall be made free and clear of and without deduction or withholding for any and all Indemnified Taxes. If SMUD shall be required by law to deduct or withhold any Indemnified Taxes imposed by the United States of America or any political subdivision thereof from or in respect of any sum payable hereunder, under the Fee Agreement or with respect to the Bank Bonds, then (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Bank or such Bank Bondholder or such Participant receives an amount equal to the sum it would have received had no such deductions been made, (ii) SMUD shall make such deductions and (iii) SMUD shall timely pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law. If SMUD shall make any payment under this Section to or for the benefit of the Bank or such Bank Bondholder or such Participant with respect to Indemnified Taxes and if the Bank or such Bank Bondholder or such Participant shall claim any credit or deduction for such Indemnified Taxes against any other taxes payable by the Bank or such Bank Bondholder or such Participant to any taxing jurisdiction then the Bank or such Bank Bondholder or such Participant shall pay to SMUD an amount equal to the amount by which such other taxes are actually reduced; *provided*, that the aggregate amount payable by the Bank or such Bank Bondholder or such Participant pursuant to this sentence shall not exceed the aggregate amount previously paid by SMUD with respect to such Indemnified Taxes. In addition, SMUD agrees to pay any present or future stamp, recording or documentary taxes and any other excise or property taxes, charges or similar levies that arise under the laws of the United States of America or any state of the United States or any other nation from any payment made hereunder, under the Fee Agreement or under the Bank Bonds or from the execution or delivery of this Agreement, or otherwise with respect to this Agreement, the Fee Agreement and the Bank Bonds (hereinafter referred to as "*Other Taxes*"). The Bank or such Bank Bondholder or such Participant shall provide to SMUD within a reasonable time a copy of any written notification it receives with respect to Indemnified Taxes or Other Taxes owing by SMUD to the Bank or such Bank Bondholder or such Participant hereunder or under the Fee Agreement; *provided*, that the Bank or such Bank Bondholder's or such Participant's failure to send such notice shall not relieve SMUD of its obligation to pay such amounts hereunder or under the Fee Agreement. SMUD may conduct a reasonable contest of any such Indemnified Taxes with the prior written consent of the Bank, which consent shall not be unreasonably withheld or delayed; *provided*, that SMUD shall, on demand, immediately reimburse the Bank for any and all expenses (including attorneys' fees for services that may be required or desirable, as determined by the Bank in its sole discretion) that may be incurred by the Bank in connection with any such contest.

(b) SMUD shall, to the fullest extent permitted by law and subject to the provisions hereof, pay the Bank or such Bank Bondholder or such Participant for the full amount of Indemnified Taxes and Other Taxes including any Indemnified Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section paid by the Bank or such Bank Bondholder or such Participant or any liability (including penalties, interest and expenses) arising therefrom or



with respect thereto whether or not such Indemnified Taxes or Other Taxes were correctly or legally asserted; *provided*, that SMUD; shall not be obligated to pay the Bank or such Bank Bondholder or such Participant for any penalties, interest or expenses relating to Indemnified Taxes or Other Taxes arising from the Bank or such Bank Bondholder's or such Participant's gross negligence or willful misconduct. The Bank or such Bank Bondholder or such Participant agrees to give notice to SMUD of the assertion of any claim against the Bank or such Bank Bondholder or such Participant relating to such Indemnified Taxes or Other Taxes as promptly as is practicable after being notified of such assertion; *provided*, that the Bank or such Bank Bondholder's or such Participant's failure to notify SMUD promptly of such assertion shall not relieve SMUD of its obligation under this Section. Payments by SMUD pursuant to this Section shall be made within thirty (30) days from the date the Bank or such Bank Bondholder or such Participant makes written demand therefor, which demand shall be accompanied by a certificate describing in reasonable detail the basis thereof. The Bank or such Bank Bondholder or such Participant agrees to repay to SMUD any refund (including that portion of any interest that was included as part of such refund) with respect to Indemnified Taxes or Other Taxes paid by SMUD pursuant to this Section received by the Bank or such Bank Bondholder or such Participant for Indemnified Taxes or Other Taxes that were paid by SMUD pursuant to this Section and to contest, with the cooperation and at the expense of SMUD, any such Indemnified Taxes or Other Taxes which the Bank or such Bank Bondholder or such Participant or SMUD reasonably believes not to have been properly assessed.

(c) Within thirty (30) days after the date of any payment of Indemnified Taxes by SMUD, SMUD shall furnish to the Bank or such Participant, as applicable, the original or a certified copy of a receipt evidencing payment thereof.

(d) Notwithstanding anything contained in paragraphs (a) or (b) of this Section, SMUD shall have no liability to the Bank or any Bank Bondholder or any Participant with respect to any Indemnified Taxes to the extent incurred or imposed on the Bank or any Bank Bondholder or any Participant more than one hundred eighty (180) days prior to the date written notification thereof is given to SMUD by the Bank (the "*Cut-Off Date*"), except where (A) the Bank had no actual knowledge of the action resulting in such Indemnified Taxes as of the Cut-Off Date or (B) such Indemnified Taxes apply to the Bank retroactively to a date prior to the Cut-Off Date.

(e) The obligations of SMUD under this Section 2.16 shall survive the termination of this Agreement and the repayment of all Obligations hereunder for a period of one hundred eighty (180) days after such termination and final repayment; *provided, however*, that in the event any taxing jurisdiction imposes Indemnified Taxes on the Bank or any Bank Bondholder or any Participant after the end of such 180 day period but retroactively to a date prior to the end of such 180 day period, as described in this Section 2.16, the Bank may impose such Indemnified Taxes on SMUD in accordance with the terms of this Section 2.16; *provided, further, however*, that the foregoing proviso shall only apply to any Indemnified Taxes imposed not later than two (2) years after the date this Agreement terminates and all Obligations have been paid in full.

(f) The benefits of this Section 2.16 shall be available to each Participant; *provided however*, that no such Participant shall be entitled to receive payment pursuant to this Section 2.16 of any amount greater than the amount which would have been payable had the Bank not granted a participation to such Participant.



*Section 2.17. Increased Costs. (a) Increased Costs Generally.* If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, liquidity ratio, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or advances, loans or other credit extended or participated in by, the Bank or any other Recipient;

(ii) subject any Recipient to any Taxes of any kind whatsoever with respect to this Agreement, or change the basis of taxation of payments to the Bank or such other Recipient in respect thereof (except for Indemnified Taxes covered by Section 2.17 hereof and the imposition of, or any change in the rate of any Excluded Tax payable by the Bank or any other Recipient); or

(iii) impose on the Bank or any Recipient any other condition, cost or expense affecting this Agreement, the Letter of Credit or the Fee Agreement or any participation therein;

and the result of any of the foregoing shall be to increase the cost to the Bank or such other Recipient or the parent or holding company of the Bank or such Recipient related to issuing or maintaining this Agreement, the Letter of Credit or any Bank Bond, or to reduce the amount of any sum received or receivable by the Bank or such other Recipient hereunder or under the Fee Agreement (whether of principal, interest or any other amount) then, upon written request of the Bank, SMUD shall promptly pay to the Bank (for the Bank or such other Recipient, as the case may be) such additional amount or amounts as will compensate the Bank or such other Recipient or such other Recipient or the parent or holding company of the Bank or such Recipient, as the case may be, for such additional costs incurred or reduction suffered.

and the result of any of the foregoing shall be to increase the cost to the Bank or such other Recipient related to issuing or maintaining this Agreement, the Letter of Credit or any Bank Bond, or to reduce the amount of any sum received or receivable by the Bank or such other Recipient hereunder or under the Fee Agreement (whether of principal, interest or any other amount) then, upon written request of the Bank, SMUD shall promptly pay to the Bank (for the Bank or such other Recipient, as the case may be) such additional amount or amounts as will compensate the Bank or such other Recipient, as the case may be, for such additional costs incurred or reduction suffered.

(b) *Capital Requirements.* If the Bank or any other Recipient determines that any Change in Law affecting the Bank or such other Recipient regarding capital or liquidity requirements, has or would have the effect of reducing the rate of return on the Bank's or such Recipient's capital or liquidity as a consequence of this Agreement, or for maintaining this Agreement, the Letter of Credit or any Bank Bond, to a level below that which the Bank or such Recipient could have achieved but for such Change in Law (taking into consideration the Bank's or such Recipient's policies with respect to capital or liquidity adequacy), then from time to time, upon written request of the Bank, SMUD shall promptly pay to the Bank (for the Bank or such Recipient, as the case



may be) such additional amount or amounts as will compensate the Bank or such Recipient for any such reduction suffered.

(c) *Certificates for Reimbursement.* A certificate of the Bank or a Recipient setting forth the amount or amounts necessary to compensate the Bank or any such Recipient, as the case may be, as specified in paragraph (a) or (b) of this Section and delivered to SMUD, shall be conclusive absent manifest error. SMUD shall pay the Bank or any such Recipient, as the case may be, the amount shown as due on any such certificate within thirty (30) days after receipt thereof. Each Recipient shall have the benefits of this Section 2.17, but shall not be entitled to receive any greater payment under such Section than the Bank would have been entitled to receive in connection with the rights transferred.

(d) *Delay in Requests.* Failure or delay on the part of the Bank or any such Recipient to demand compensation pursuant to the foregoing provisions of this Section shall not constitute a waiver of the Bank's or such Recipient's right to demand such compensation; *provided* that SMUD shall not be required to compensate the Bank or such Recipient pursuant to the foregoing provisions of this Section for any increased costs incurred or reductions suffered more than six (6) months prior to the date that the Bank notifies SMUD of the Change in Law giving rise to such increased costs or reductions and of the Bank's or such Recipient's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the six (6) month period referred to above shall be extended to include the period of retroactive effect thereof).

(e) *Survival.* The obligations of SMUD under this Section 2.17 shall survive the termination of this Agreement and the repayment of all Obligations hereunder for a period of one hundred eighty (180) days after such termination and final repayment; *provided, however*, that in the event any Change in Law provides for retroactive increased costs or retroactive imposition of capital adequacy or liquidity requirements, as described in this Section 2.17, the Bank or a Recipient may impose such costs on SMUD in accordance with the terms of this Section 2.17; *provided, further, however*, that the foregoing proviso shall only apply to any Change in Law occurring not later than two (2) years after the date this Agreement terminates and all Obligations have been paid in full.

*Section 2.18. Margin Regulations.* No portion of the proceeds of any advances by the Bank under the Letter of Credit shall be used by SMUD (or the Trustee or any other Person on behalf of SMUD) for the purpose of "purchasing" or "carrying" any margin stock or used in any manner which might cause the borrowing or the application of such proceeds to violate Regulation U, Regulation T, or Regulation X of the Board of Governors of the Federal Reserve System or any other regulation of said Board of Governors or to violate the Securities Exchange Act of 1934, as amended, in each case as in effect on the date or dates of such advances and such use of proceeds.

*Section 2.19. Maximum Rate; Payment of Fee.* Anything in this Agreement to the contrary notwithstanding, if the rate of interest due hereunder shall exceed the Maximum Rate for any period for which interest is payable, then (i) interest at the Maximum Rate shall be due and payable with respect to such interest period and (ii) interest at the rate equal to the difference between (A) the rate of interest calculated in accordance with the terms hereof without regard to the



Maximum Rate and (B) the Maximum Rate (the “*Excess Interest*”), shall be deferred until such date as the rate of interest calculated in accordance with the terms hereof ceases to exceed the Maximum Rate, at which time SMUD shall pay to the Bank, with respect to amounts then payable to the Bank that are required to accrue interest hereunder, such portion of the deferred Excess Interest as will cause the rate of interest then paid to the Bank to equal the Maximum Rate, which payments of deferred Excess Interest shall continue to apply to such unpaid amounts hereunder until all deferred Excess Interest is fully paid to the Bank. To the extent permitted by law, upon the termination of the Available Commitment and/or this Agreement, in consideration for the limitation of the rate of interest otherwise payable hereunder, SMUD shall pay to the Bank a fee equal to the amount of all unpaid deferred Excess Interest.

### ARTICLE III

#### CONDITIONS PRECEDENT

*Section 3.1. Closing Conditions.* As conditions precedent to the issuance of the Letter of Credit, the Bank shall have received the following items on or before the Closing Date, each in form and substance satisfactory to the Bank and its counsel, Chapman and Cutler LLP (hereinafter, “*Bank’s Counsel*”):

(i) *Approvals.* The Bank shall have received copies of all action taken by SMUD (including, without limitation, any resolution adopted or passed by SMUD in connection therewith) approving the execution and delivery by SMUD of this Agreement, the Fee Agreement, the Revolving Note and the Remarketing Agreement, in each case, certified by an authorized official of SMUD as complete and correct as of the date hereof.

(ii) *Incumbency of Officials.* The Bank shall have received an incumbency certificate of SMUD in respect of each of the officials who is authorized to (a) sign this Agreement, the Fee Agreement, the Revolving Note and the Remarketing Agreement on behalf of SMUD, and (b) take actions for SMUD under this Agreement, the Bonds and the other Program Documents.

(iii) *Favorable Opinion of Bond Counsel.* The Bank shall have received the Favorable Opinion of Bond Counsel required by Section 84.08(d) of the Supplemental Resolution in connection with the delivery of the Letter of Credit, addressed to the Bank and in form and substance satisfactory to the Bank, or a reliance letter thereon.

(iv) *Opinion of Counsel to SMUD.* The Bank shall have received an opinion addressed to the Bank and dated the Closing Date of the general counsel for SMUD, in form and substance satisfactory to the Bank, and addressing (i) SMUD’s existence, (ii) SMUD’s power and authority to enter into this Agreement, the Revolving Note and the Fee Agreement and to perform its obligations hereunder and thereunder, (iii) SMUD’s execution and delivery of this Agreement, the Revolving Note and the Fee Agreement, (iv) the enforceability of SMUD’s obligations under this Agreement, the Revolving Note and the Fee Agreement, (v) that SMUD has obtained all consents necessary to execute, deliver and perform this Agreement, the Revolving Note and the Fee Agreement, (vi) the execution



and delivery of this Agreement, the Revolving Note and the Fee Agreement by SMUD will not violate any law, order or agreement to which SMUD is subject or to which SMUD is a party, and (vii) there is no litigation pending or threatened against SMUD that would prevent SMUD from executing and delivering this Agreement, the Revolving Note and the Fee Agreement or performing its obligations hereunder and thereunder.

(v) *Bond Resolution and Other Program Documents.* The Bank shall have received (a) a certified copy of the Bond Resolution and the Senior Bond Resolution (or a certified copy of the annotated version thereof) which have been adopted prior to the Closing Date, all certified by an authorized officer of SMUD as being in full force and effect and (b) fully executed or certified copies, as applicable, of all other Program Documents.

(vi) *Financial Information.* The Bank shall have received copies of any financial information of SMUD that the Bank may reasonably request.

(vii) *Legality; Material Adverse Change.* The Bank shall have determined (in its sole discretion) that (a) the consummation of any of the transactions contemplated by the Bond Resolution, the Bonds, this Agreement or any other Program Document will not violate any law, rule, guideline or regulation applicable to SMUD, the Bank, the Letter of Credit, the Bonds or this Agreement, and (b) no Material Adverse Change shall have occurred since December 31, 2024.

(viii) *Fees, Etc.* The Bank shall have received payment of the fees, costs and expenses payable on the Closing Date.

(ix) *Bank Bonds.* The Bank shall have received written evidence satisfactory to the Bank that (A) a Bank Bond CUSIP number has been obtained and reserved from Standard & Poor's CUSIP Service and (B) the Bank Bonds specifically have been assigned a long-term unenhanced rating of at least "BBB-" or greater by S&P or Fitch and (C) to the extent reasonably achievable, evidence that the CUSIP number and the rating assigned to such Bank Bonds are available electronically to the Bank pursuant to a third-party provider of such information.

(x) *Ratings.* The Bank shall have received written confirmation that on or prior to the Closing Date the Bonds have received the long-term unenhanced credit ratings of at least [**"AA-" from S&P and "AA" from Fitch**].

(xi) *Closing Certificate.* The Bank shall have received a certificate from SMUD executed by the Authorized SMUD Representative, dated the Closing Date, stating that:

(a) the representations and warranties of SMUD contained in this Agreement and each certificate furnished or delivered by SMUD to the Bank pursuant hereto are true and correct on and as of the Closing Date as though made on and as of such date;



(b) no “default” or “event of default” under any Program Document to which SMUD is a party and no Default or Event of Default has occurred and is continuing or would result from the entering into or performance under this Agreement and the other Program Documents; and

(c) except as has been disclosed to the Bank in writing prior to the Closing Date, there has been no Material Adverse Change since December 31, [2024].

(xii) *Other Documents.* The Bank shall have received such other documents, certificates, and opinions as the Bank or the Bank’s counsel shall have reasonably requested.

In addition to the foregoing conditions, as a condition to its entry into this Agreement, SMUD shall have received an opinion of Bank’s Counsel as to the Bank’s execution and delivery of the Letter of Credit and the enforceability of the Bank’s obligations under the Letter of Credit.

*Section 3.2. Conditions Precedent to Liquidity Advances .* Following any payment by the Bank under the Letter of Credit pursuant to a Liquidity Drawing, the related Liquidity Advance shall be made available to SMUD *only if* on the date of payment of such Liquidity Drawing by the Bank, the following statements shall be true:

(a) immediately before and as a result of giving effect to the extension of the extended amortization of the Bank Bonds in accordance with Section 2.3(a) hereof, no Credit Default or, Credit Event of Default, shall have occurred and be continuing; and

(b) immediately before and as a result of giving effect to the extension of the extended amortization of the Bank Bonds in accordance with Section 2.3(a) hereof no event described in clause (b) of the definition of Material Adverse Change shall have occurred.

Unless SMUD shall have previously advised the Bank in writing that one or both of the above statements is no longer true, SMUD shall be deemed to have represented and warranted on the date of such payment that both of the above statements are true and correct.

## **ARTICLE IV**

### **REPRESENTATIONS AND WARRANTIES OF SMUD**

*Section 4.1. Representations and Warranties of SMUD.* In order to induce the Bank to issue and maintain the Letter of Credit and execute and deliver this Agreement, SMUD represents and warrants to the Bank as follows:

(a) *Existence and Power.* SMUD is a municipal utility district organized and existing under and by virtue of the Act, and is possessed of full powers to own and lease (as lessor and lessee) real and personal property, to own and operate the Electric System, to conduct its other business as presently conducted and to enter into contracts such as this Agreement and the SMUD



Program Documents, which powers have been validly exercised in connection with the transactions effected by this Agreement and the SMUD Program Documents.

(b) *Authorization; Contravention; Approvals.* The execution, delivery and performance by SMUD of this Agreement, the Fee Agreement and the SMUD Program Documents and the other documents contemplated hereby and thereby are within the powers of SMUD, have been duly authorized by all necessary actions and (i) do not contravene the Act or any other law, rule, regulation, order, writ, judgment, injunction, decree, determination or award or any indenture, agreement, lease, instrument or other contractual restriction binding on or affecting SMUD and (ii) except as provided in or contemplated by this Agreement and the Program Documents, do not result in or require the creation of any Lien, security interest or other charge or encumbrance upon or with respect to any asset of SMUD. SMUD is not in violation of or in default in any material respect under any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award that would prevent or is reasonably likely to prevent SMUD from performing its obligations under this Agreement or the SMUD Program Documents. SMUD is not in violation of or in default in any material respect under any indenture, agreement, lease, instrument or other contractual restriction and is not in violation of or in default in any respect under any of the SMUD Program Documents that would prevent or is reasonably likely to prevent SMUD from performing its obligations under this Agreement or the SMUD Program Documents. No Default or Event of Default has occurred and is continuing. All orders, consents and other authorizations or approvals of all Governmental Authorities and all other Persons have been obtained (and no additional authorization, approval or other action by, and no notice to or filing or registration with, any Governmental Authority is required to be made or obtained by SMUD) for the due execution, delivery and performance by SMUD of this Agreement and the SMUD Program Documents.

(c) *Enforceability.* This Agreement and the SMUD Program Documents, and other documents contemplated hereby and thereby to which SMUD is a party or by which it is bound, are legally valid and binding obligations of SMUD enforceable against SMUD in accordance with their respective terms, except as such enforceability may be limited by (i) bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally; (ii) general principles of equity; (iii) the exercise of judicial discretion in appropriate cases; and (iv) to the limitations on legal remedies against municipal utility districts in the State of California.

(d) *Litigation.* Except as disclosed in the Official Statement or in writing to the Bank prior to the Closing Date, there are no actions, suits, proceedings, inquiries or investigations, at law or in equity, before any court, Governmental Authority or arbitrator pending or, to the best knowledge of SMUD, threatened, against or directly involving SMUD (including, without limitation, the ability of SMUD to establish and collect rates for the generation, transmission and distribution of electric power), affecting the existence of SMUD, the title of any officials to their respective offices or affecting or seeking to prohibit, restrain or enjoin the execution or delivery of this Agreement or any Program Document, or in any way contesting or affecting the validity or enforceability of the Bonds, this Agreement, any Program Document or contesting the tax-exempt status of the Bonds, or contesting in any way the completeness or accuracy of the Official Statement or any supplements or amendments thereto, or contesting the powers of SMUD or any authority for the issuance of the Bonds, the execution and delivery of this Agreement or the SMUD Program Documents, nor, to the best knowledge of SMUD, is there any basis therefor, which, if



determined adversely to SMUD (i) would adversely affect the validity or enforceability of, or the authority or ability of SMUD to perform its obligations under, this Agreement, the Fee Agreement or any SMUD Program Documents, (ii) would, in the reasonable opinion of SMUD, have a material adverse effect on the business, financial position or results of operations of SMUD or (iii) would adversely affect the exclusion of interest on the Bonds from gross income for Federal income tax purposes or the exemption of such interest from State of California personal income taxes.

(e) *Financial Information.* (i) The audited financial statements of SMUD included in the [2024] Financial Statements, true and correct copies of which have heretofore been delivered or made available to the Bank, fairly present, in conformity with generally accepted accounting principles the financial position of SMUD and its results of operations and changes in financial position at the dates and for the periods indicated.

(ii) Except as has been disclosed in writing to the Bank prior to the Closing Date, since December 31, [2024], there has been no material adverse change in the business, financial position or results of operations of SMUD which could reasonably be expected to result in a material adverse effect on SMUD's ability to perform its obligations hereunder or thereunder or the rights, security or interests of the Bank.

(iii) Except as reflected in the financial statements included in the [2024] Financial Statements or as described in the Official Statement or as has been disclosed in writing to the Bank prior to the Closing Date and except for SMUD's obligations set forth in this Agreement and the SMUD Program Documents, there are as of the date hereof no liabilities or obligations with respect to SMUD of any nature whatsoever (whether absolute, accrued, contingent or otherwise and whether or not due) which, in the aggregate, would be material to SMUD. SMUD does not know of any basis for the assertion against SMUD of any liability or obligation of any nature whatsoever that is not reflected in the financial statements included in the [2024] Financial Statements or the Official Statement or other written disclosure to the Bank delivered prior to the Closing Date which, in the aggregate, could be material to SMUD.

(f) *Disclosure.* No written information furnished by SMUD to the Bank in connection with this Agreement (except information which has been superseded by subsequent information provided by SMUD) includes any untrue statement of a material fact.

(g) *Environmental Matters.* Except as disclosed in the Official Statement or in writing to the Bank prior to the Closing Date, SMUD has not received notice to the effect that the operations of the Electric System are not in compliance with any of the requirements of applicable Federal, state or local environmental, health and safety statutes and regulations or are the subject of any governmental investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, in each case which non-compliance or remedial action could have a Material Adverse Effect.

(h) *Plans.* SMUD currently has a Plan which is in compliance in all respects with the requirements of the applicable laws of the State of California, including without limitation the obligation to pay contributions on behalf of its employees in accordance therewith, and SMUD



has no Plan which is subject to the requirements of ERISA. No condition exists or event or transaction has occurred with respect to any Plan which could reasonably be expected to result in the incurrence by SMUD of any material liability, fine or penalty.

(i) *Regulations U and X.* SMUD is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U or X issued by the Board of Governors of the Federal Reserve System); and no proceeds of the Bonds or of any amounts advanced by the Bank under the Letter of Credit will be used to extend credit to others for the purpose of purchasing or carrying any margin stock.

(j) *Tax-Exempt Status.* SMUD has not taken any action or omitted to take any action, and knows of no action taken or omitted to be taken by any other Person, which action, if taken or omitted, would adversely affect the exclusion of interest on the Bonds from gross income for Federal income tax purposes or the exemption of such interest from State of California personal income taxes.

(k) *Security.* (i) The Bond Resolution creates, for the benefit of the Bonds, the Bank Bonds, the Reimbursement Obligations and all other Parity Subordinated Debt, a legally valid and binding pledge of the Net Subordinated Revenues, and there is no Lien on the Net Subordinated Revenues that ranks senior to or on a parity with the lien granted for the benefit of the Bonds, the Bank Bonds, the Reimbursement Obligations and all other Parity Subordinated Debt other than the pledge securing the Senior Bonds. Except as provided in the Senior Bond Resolution, neither the Senior Bond Resolution nor the Bond Resolution permits the issuance of Debt that is secured by the Net Revenues on a basis senior to the Bonds and Bank Bond. No filing, registering, or recording of the Bond Resolution or any other instrument is required to establish the pledge of or to perfect, protect or maintain the Lien on the Net Subordinated Revenues created thereby.

(ii) This Agreement creates, for the benefit of all Obligations hereunder and under the Fee Agreement (other than the Reimbursement Obligations and Bank Bonds) a legally valid and binding pledge of the Fourth Lien Revenues to secure the timely payment of all Obligations hereunder and under the Fee Agreement (other than the Bank Bonds). The lien on, pledge of and security interest in the Fourth Lien Revenues constitutes a valid pledge of, lien and security interest in the Fourth Lien Revenues. No filing, registering, or recording of this Agreement or any other instrument is required to establish the pledge of or to perfect, protect or maintain the lien on the Fourth Lien Revenues created hereby.

(l) *Constitutional Matters.* There is no amendment, or, to the best knowledge of SMUD, proposed amendment certified for placement on a statewide ballot, to the Constitution of the State of California or any published administrative interpretation of the Constitution of the State of California or any State of California law, or any legislation which has passed either house of the State legislature, or any published judicial decision interpreting any of the foregoing, the effect of which could reasonably be expected to have Material Adverse Effect.

(m) *No Sovereign Immunity.* SMUD represents that it is not entitled to claim immunity on the grounds of sovereignty or other similar grounds with respect to itself from (i) suit or (ii) jurisdiction of any court because of its status as a political subdivision of the State of California



in connection with the enforcement of its obligations under this Agreement, the SMUD Program Documents, and the other documents contemplated by this Agreement.

(n) *Incorporation of Representations and Warranties by Reference.* SMUD hereby makes to the Bank every representation and warranty made by it in SMUD Program Documents, which representations and warranties, as well as the defined terms contained therein that are necessary for a correct interpretation thereof, are incorporated herein by this reference with the same effect as if each and every such provision and defined term were set forth herein in its entirety. No amendment, modification, termination or replacement of any such representations, warranties and definitions contained in the SMUD Program Documents shall be effective to amend, modify, terminate or replace the representations, warranties, and definitions incorporated herein by this reference, without the prior written consent of the Bank. The representations and warranties of SMUD in all of the SMUD Program Documents are true and correct in all material respects.

(o) *No Violation of Usury Laws.* The terms of the Bond Resolution regarding the calculation and payment of interest on the Bonds and the Bank Bonds do not violate any applicable usury laws of the State of California and, assuming that the Bank is an exempted class of persons within the meaning of Article 15 of the California Constitution, the terms of this Agreement, the Fee Agreement, the Bank Bonds, the Revolving Note and the Bonds regarding the calculation and payment of interest and fees and other amounts due under this Agreement, the Fee Agreement, the Bank Bonds, the Revolving Note, and the Bonds do not violate any applicable usury laws of the State of California.

(p) *Compliance.* SMUD is in substantial compliance with all laws, ordinances, orders, rules and regulations applicable to it, except to the extent noncompliance could not reasonably be expected to result in a Material Adverse Effect.

(q) *Default.* SMUD is not in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any SMUD Program Document, the Senior Bond Resolution, the Bond Resolution or any other resolution, agreement or instrument to which it is a party which could have a Material Adverse Effect. No Default or Event of Default has occurred and is continuing.

(r) *Insurance.* The properties of SMUD are insured in accordance with the terms of the Senior Bond Resolution.

(s) *Taxes.* SMUD has filed any Federal, state and other material tax returns and reports required to be filed, and has paid all Federal, state and other material taxes, assessments, fees and other governmental charges levied or imposed upon it or its properties, income or assets otherwise due and payable, except those which are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves have been provided in accordance with generally accepted accounting principles. There is no proposed tax assessment against SMUD that would, if made, have a Material Adverse Effect.



(t) *Casualty*. Neither the business nor the Property of SMUD is currently affected by any fire, explosion, accident, strike, lockout or other labor dispute, drought, storm, hail, earthquake, embargo, act of God or of the public enemy or other casualty (whether or not covered by insurance), which could have a Material Adverse Effect.

(u) *Sanctions Concerns; Anti-Corruption Laws*. (i) *Sanctions Concerns*. Neither SMUD, nor, to the knowledge of SMUD, any director, officer, or employee thereof, is (A) currently the subject or target of any Sanctions, (B) included on OFAC's List of Specially Designated Nationals, or (C) located, organized or resident in a Designated Jurisdiction.

(ii) *Anti-Corruption Laws*. SMUD has conducted its business in compliance with the United States Foreign Corrupt Practices Act of 1977 and other similar anti-corruption legislation applicable in California, and has instituted and maintained policies and procedures designed to promote and achieve compliance with such laws (collectively, "*Anti-Corruption Laws*").

(iii) *Anti- Money Laundering Laws*. To the best of SMUD's knowledge, after due care and inquiry, SMUD is not under investigation for an alleged violation of anti-Anti-Terrorism Laws by a governmental authority that enforces such laws.

(iv) SMUD has instituted, maintains, and enforces policies and procedures reasonably designed to ensure compliance with applicable Sanctions and Anti-Corruption Laws.

(v) *Anti-Terrorism Laws*. (i) SMUD is not in violation of any laws relating to anti-money laundering or countering the financing of terrorism ("*Anti-Terrorism Laws*"), including Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (the "*Executive Order*"), the Bank Secrecy Act and the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT) Act of 2001,;

(ii) Neither SMUD nor any of its directors, officers, and employees, nor any agents or affiliates acting on SMUD's behalf: is a Person that is the subject of Sanctions; knowingly directs municipal funds, engage in procurement, or enters into financial transactions that would result in a violation of applicable Sanctions, Anti-Terrorism Laws or Anti-Corruption Laws; or is engaged in a violation of, or is directly or indirectly taking any action that could cause SMUD or any Covered Compliance Entity to be in violation of, applicable Sanctions, Anti-Terrorism Laws or Anti-Corruption Laws. Without limiting the foregoing, SMUD is not any of the following:

(A) a Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(B) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;



(C) a Person with which the Bank is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law;

(D) a Person that commits, threatens or conspires to commit or supports “terrorism” as defined in the Executive Order; or

(E) a Person that is named as a “specially designated national and blocked person” on the most current list published by the Office of Foreign Asset Control (“OFAC”) or any list of Persons issued by OFAC pursuant to the Executive Order at its official website or any replacement website or other replacement official publication of such list;

(iii) SMUD is an electrical utility. To its knowledge, SMUD does not (A) conduct any business or engage in making or receiving any contribution of funds, goods or services to or for the benefit of any Person described in subsection (ii)(B) above, (B) deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order or (C) engage in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law.

(w) *Trustee and Remarketing Agent.* U.S. Bank Trust Company, National Association (or a successor or assign approved in writing by the Bank) is the duly appointed and acting Trustee and PNC Capital Markets LLC (or a successor or assign approved in writing by the Bank) is the duly appointed Remarketing Agent.

(x) *Bank Bonds.* The Bank Bonds will be transferred to or held for the benefit of the Bank, free and clear of all liens, security interests or claims of any Person other than the Bank, except for consensual liens or other security interests as may be created by the Bank.

## ARTICLE V

### COVENANTS

*Section 5.1. Covenants of SMUD.* SMUD covenants and agrees with the Bank that it will do the following so long as any amounts may be drawn under the Letter of Credit, and thereafter, so long as any Obligations remain unpaid or unfulfilled under this Agreement, unless the Bank shall otherwise consent in writing:

(a) *Reports and Other Information.* SMUD will furnish, or cause to be furnished, at SMUD’s expense to the Bank:

(i) As soon as possible and in any event within five (5) Business Days after the knowledge (actual or constructive) or notice of the occurrence of any Event of Default, a statement of the Authorized SMUD Representative setting forth details of such Event of Default and the action that SMUD proposes to take with respect thereto;



(ii) As soon as available and in any event within two hundred ten (210) days after the end of each Fiscal Year of SMUD, a copy of the audited financial statements of SMUD for such year, including a balance sheet of SMUD as at the end of such Fiscal Year and the related statements of revenues, expenses and changes in fund balances and statement of cash flows, all in reasonable detail and reported on by a firm of nationally recognized independent certified public accountants, and the report of such firm of independent certified public accountants shall state, without qualification, that such financial statements present fairly the financial position of SMUD as of the end of such Fiscal Year, the results of operations, the changes in fund balances and cash flows of SMUD for such Fiscal Year then ended in conformity with generally accepted accounting principles;

(iii) Simultaneously with the delivery of each set of financial statements referred to in clause (ii) above, a certificate of an Authorized SMUD Representative stating whether there exists on the date of such certificate any Event of Default or Default and, if any Event of Default or Default then exists, setting forth the details thereof and the action that SMUD is taking or proposes to take with respect thereto;

(iv) As soon as available and in any event within 60 days after March 31, June 30 and September 30 of each calendar year, a copy of the unaudited internally prepared balance sheet and statement of changes in net asset of SMUD for the three month period ended on such date, setting forth in each case in comparative form the corresponding figures for the corresponding fiscal period for the preceding fiscal year, all in reasonable detail, prepared in accordance with generally accepted accounting principles, consistently applied, together with a compliance certificate signed by an Authorized SMUD Representative stating that no Event of Default or Default has occurred, or if such Event of Default or Default has occurred, specifying the nature of such Event of Default or Default, the period of its existence, the nature and status thereof and any remedial steps taken or proposed to correct such Event of Default or Default.

(v) As soon as practicable and in any event within ten (10) Business Days after SMUD obtains actual knowledge of: (A) any litigation, arbitration or governmental proceeding pending against SMUD that challenges SMUD's ability to perform its obligations under this Agreement and/or the SMUD Program Documents; or (B) any other event or condition that would prevent or is reasonably likely to prevent SMUD from performing its obligations under this Agreement and/or the SMUD Program Documents, in each case with a statement of the Authorized SMUD Representative setting forth details describing the same and the steps being taken with respect thereto;

(vi) As soon as practicable, notice of any disclosure documents publicly distributed in connection with any issue of Senior Bonds or Parity Subordinated Debt;

(vii) As soon as practicable, notice of any change in, or the withdrawal of, any rating of Senior Bonds or Parity Subordinated Debt (without regard to bond insurance or any other form of credit enhancement) by any Rating Agency; and



(viii) From time to time, such additional information regarding the financial position, results of operations, business or prospects of SMUD as the Bank may reasonably request.

(b) *Books and Records; Inspections.* SMUD will keep proper books of record and account with respect to the Electric System in which full and correct entries shall be made of assets and liabilities, financial transactions and business of SMUD in conformity with generally accepted accounting principles. SMUD will upon reasonable notice permit any Person designated by the Bank in writing to visit any of the properties of SMUD, and to examine the books and financial records of SMUD relating to the Electric System and make copies thereof or extracts therefrom, and to discuss the affairs, finances and accounts of SMUD relating to SMUD with the principal officers of SMUD all at such reasonable times during normal business hours and as often as the Bank may reasonably request.

(c) *Maintain Existence.* SMUD shall take no action that would terminate its existence, rights and franchises as a municipal utility district duly organized and existing under the Constitution and laws of the State of California.

(d) *Compliance with Laws.* SMUD will comply with the requirements of all laws, rules, regulations and orders of any Governmental Authority having jurisdiction over SMUD and/or the Electric System, noncompliance with which would materially adversely affect the ability of SMUD to perform its obligations under this Agreement and the SMUD Program Documents.

(e) *Compliance with Agreements.* SMUD will observe and perform all of its obligations under this Agreement and the SMUD Program Documents.

(f) *Incorporation of Covenants by Reference.* SMUD, by this reference, hereby incorporates into this Agreement those covenants and agreements made by it in Sections 3.02, 3.05, 3.06 and 6.08 of the Senior Bond Resolution (as in effect on the effective date of this Agreement) and in the SMUD Program Documents, as such covenants and agreements exist on the date hereof, as if such covenants and agreements were set forth herein in their entirety together with all defined terms and interpretative provisions necessary for a complete understanding thereof. The incorporated provisions shall be in addition to the express covenants contained herein and shall not be limited by the express covenants contained herein nor shall the incorporated provisions be a limitation on the express covenants contained herein. In the event of a conflict between the covenants and agreements set forth in this Article V (other than the incorporated provisions) and the incorporated provisions, the covenants and agreements set forth in the other provisions of Article V shall prevail.

(g) *SMUD Program Documents.* SMUD will not amend, supplement or otherwise modify, or agree to the amendment, modification or termination of, any of the SMUD Program Documents (including, without limitation, an amendment to the Bond Resolution reducing the Maximum Interest Rate with respect to the Bonds to a rate below 12%) if such action could reasonably be expected to (i) adversely affect SMUD's ability to perform its obligations under this Agreement or the SMUD Program Documents, (ii) adversely affect the business, financial position or results of operations of SMUD or (iii) adversely affect the rights, interests, security or remedies



of the Bank, in each case, without the prior written consent of the Bank (the Bank shall provide SMUD its determination as to whether or not it consents to any amendment, supplement or modification to any SMUD Program Documents within ten (10) Business Days of written notice from SMUD of such amendment, supplement or modification). SMUD shall provide written notice to the Bank of any proposed amendment to the Senior Bond Resolution or Bond Resolution (and a copy of such proposed amendment) at least ten (10) calendar days prior to its effective date.

(h) *Trustee; Remarketing Agent.* SMUD shall not appoint a successor Trustee or Remarketing Agent without the prior written consent of the Bank (which consent shall not be unreasonably withheld).

(i) *Alternate Credit Enhancement; Alternate Liquidity Facility; Return of Letter of Credit.* SMUD agrees that any termination of the Letter of Credit and this Agreement as a result of the provision of any Alternate Liquidity Facility and/or Alternate Credit Enhancement will require, as a condition thereto, that SMUD or the issuer of the Alternate Liquidity Facility and/or Alternate Credit Enhancement will provide funds on the date of such termination or provision, which funds will be sufficient to pay in full at the time of termination of the Letter of Credit all Obligations due to the Bank hereunder and under the Fee Agreement. SMUD shall use commercially reasonable efforts to obtain an Alternate Liquidity Facility and/or Alternate Credit Enhancement to replace the Letter of Credit and this Agreement (such replacement to occur on or before any mandatory purchase date established pursuant to the Bond Resolution) or cause the Bonds to be converted to bear interest in an interest rate mode other than the Daily Rate or the Weekly Rate in the event that (i) the Bank shall determine not to extend the Stated Expiration Date pursuant to the terms hereof and of the Letter of Credit, (ii) SMUD terminates the Letter of Credit and this Agreement pursuant to the terms hereof or (iii) the Bank shall furnish to the Trustee or SMUD, as applicable, under Section 6.2(a) or (b) hereof. SMUD shall not permit an Alternate Credit Enhancement and/or an Alternate Liquidity Facility to become effective with respect to less than all of the outstanding Bonds. SMUD shall, upon the occurrence of the Termination Date, cause the Trustee to surrender forthwith the Letter of Credit (and any amendments thereto) to the Bank for cancellation on the Termination Date.

(j) *Remarketing Agents.* SMUD will at all times cause the Remarketing Agent to use its best efforts to remarket Bonds (including, without limitation, Bank Bonds) up to the maximum rate provided therefor in the Supplemental Resolution and the Remarketing Agreement (such maximum rate on the Closing Date is equal to twelve percent (12%) per annum **[pursuant to Section \_\_ of the Remarketing Agreement]**); *provided, however*, that nothing herein shall prohibit SMUD from purchasing tendered Bonds for its own portfolio. SMUD shall not direct any Remarketing Agent to cease its attempts to remarket Bonds tendered for purchase for any reason (including without limitation that any interest rate charged hereunder may be less than the interest rate that would be required to be paid to any potential purchaser of such Bonds in order that the Bonds may be sold at a purchase price equal to the par value thereof plus accrued interest thereon). If the Remarketing Agent fails to remarket any Bank Bonds for 15 consecutive calendar days, or otherwise fails to perform its duties under the Remarketing Agreement, then SMUD agrees, at the written request of the Bank, to cause the Remarketing Agent to be replaced with a Remarketing Agent satisfactory to the Bank. In addition, SMUD can remove the Remarketing Agent without cause, after appropriate notice, provided that the replacement Remarketing Agent is acceptable to



the Bank. SMUD shall provide under the Remarketing Agreement for any replacement Remarketing Agent that the Remarketing Agent may not resign until at least 30 days have elapsed following the Remarketing Agent's giving of notice to SMUD and the Bank of such resignation.

(k) *Tax-Exempt Status.* SMUD shall not take any action or omit to take any action, which action, if taken or omitted, would adversely affect the exclusion of interest on the Bonds from gross income for Federal income tax purposes or the exemption of such interest from State of California personal income taxes.

(l) *Offering Documents.* SMUD shall not make reference to the Bank in any offering document without the Bank's prior written consent thereto (other than references to the name of the Bank solely in the Bank's capacity as the credit enhancer and liquidity provider with respect to the Bonds). Except as may be required by law (including, but not limited to, federal and state securities laws), SMUD shall not use the Bank's name (other than references to the name of the Bank solely in the Bank's capacity as the credit enhancer and liquidity provider with respect to the Bonds) in any published materials (other than SMUD's staff reports, annual statements, audited financial statements, rating agency presentations) without the prior written consent of the Bank.

(m) *Use of Proceeds.* The proceeds of the Bonds and of the drawings advanced by the Bank under the Letter of Credit will be expended in the manner set forth in the Bond Resolution and in not in violation of any applicable law.

(n) *Ranking of Obligations.* SMUD shall not take any action that would result in the Reimbursement Obligations and the Bank Bonds not ranking at least pari passu in right of payment from Net Subordinated Revenues with the Bonds and the Parity Subordinated Debt.

(o) *Investments.* SMUD will not, directly or indirectly, invest in instruments and securities other than those permitted by, and in accordance with, California Government Code Sections 53600 to 53609, the Senior Bond Resolution, the Bond Resolution or the Program Documents. SMUD will not permit SMUD to encumber its cash position nor schedule the interest payment dates and maturities of its investments in a manner which impedes, hinders or interferes with the availability of funds to meet SMUD's expected cash needs.

(p) *Optional Redemption and Optional Purchase.* SMUD shall not seek or request an optional redemption or optional mandatory purchase of Bonds unless SMUD or Trustee has on hand immediately available funds sufficient to reimburse the Bank for any Drawing made (or proposed to be made) under the Letter of Credit in order to pay the redemption price of such Bonds.

(q) *Plans.* SMUD will (i) remain at all times in compliance with any applicable law (including any legally available grace periods) with respect to any Plan, and (ii) maintain each Plan as to which it may have any liability in compliance in all material respects with the provisions of applicable law, the failure to comply with which could subject SMUD to any tax or penalty which tax or penalty, taken together, with all other taxes and penalties which could be assessed against SMUD by reason of all other non-compliances, would have a material adverse effect on the business, financial position or results of operations of SMUD.



(r) *Payment of Taxes, Etc.* SMUD will pay and discharge, or cause to be paid and discharged, all taxes, assessments and other governmental charges which may hereafter be lawfully imposed upon SMUD on account of the Electric System or any portion thereof and which, if unpaid, might impair the security of the Bonds, when the same shall become due, but nothing herein contained shall require SMUD to pay any such tax, assessment or charge so long as it shall in good faith contest the validity thereof. SMUD will duly observe and conform to all valid material requirements of any Governmental Authority relative to the Electric System or any part thereof.

(s) *Operation and Maintenance of Electric System.* SMUD will operate, maintain and preserve the Electric System in good repair and working order in conformity with standards customarily followed for municipal power supply, transmission and distribution systems of like size and character. SMUD will from time to time make necessary and proper repairs, renewals, replacements and substitutions to the properties of the Electric System, so that business carried on in connection with the Electric System shall and can be conducted in an efficient and economical manner, and will operate the Electric System in an efficient and economical manner. SMUD shall not use the Electric System to conduct any business other than that which is lawfully permitted.

(t) *Amounts of Rates and Charges.* To the extent permitted by law, SMUD hereby covenants to establish, maintain and collect rates and charges with respect to the Electric System sufficient to pay the Senior Bonds, Parity Subordinated Debt, including the Bonds, Bank Bonds, Reimbursement Obligations and all other Obligations due and owing hereunder.

(u) *Maintenance of Insurance.* SMUD maintains self-insurance for general liabilities, property damage and workers' compensation claims. SMUD shall, at all times, continue to maintain such self-insurance or shall use its best efforts to maintain or cause to be maintained insurance or reserves against loss from such hazards and risks to the person or property of others as are usually insured or reserved against by those with rights and interests in property similar to the Electric System. SMUD shall also procure, and maintain at all times adequate fidelity insurance or bonds on all officers and employees handling or responsible for any Electric System revenues, such insurance or bonds to be in an aggregate amount at least equal to the maximum amount of such Electric System revenues at any one time in the custody of all such officers and employees or in the amount of one million dollars (\$1,000,000), whichever is less. The insurance described above may be provided as a part of any comprehensive fidelity and other insurance and not separately for the Electric System.

(v) *Sale or Other Disposition of Property.* SMUD will not sell or otherwise dispose of any property essential to the proper operation of the Electric System or to the maintenance of the Revenues. SMUD will not enter into any lease or agreement which impairs or impedes the operation of the Electric System or which otherwise impairs or impedes the rights of the Bondholders (as defined in the Senior Bond Resolution) or the Bank with respect to Revenues. Subject to the preceding sentence, nothing contained herein shall prevent SMUD from entering into sale and leaseback agreements pursuant to which SMUD may acquire the use of property subject to the terms of such sale and leaseback agreements.

Notwithstanding the foregoing or any other provision of the Senior Bond Resolution,



SMUD may sell or otherwise dispose of its accounts receivable and customer loan balances due to SMUD *provided* that:

(1) SMUD delivers to the Trustee:

(a) a certificate of SMUD to the effect that the amount derived by SMUD from the sale or other disposition of such accounts receivable or loan balances is a result of the sale or other disposition of such accounts receivable or loan balances upon fair and reasonable terms no less favorable to SMUD than the terms of a comparable arm's-length transaction treated as a sale and not a loan under generally accepted accounting principles; and

(b) a written statement or report of an independent certified public accountant to the effect that, based on the audited financial statements of SMUD for the most recent fiscal year for which audited financial statements are available and after giving effect to such transaction by reducing Revenues for such fiscal year by the difference between the face amount of such accounts receivable or loan balances and the amount derived by SMUD from the sale or other disposition of such accounts receivable or loan balances, the debt service ratio computed pursuant to Section 5.04 of the Senior Bond Resolution would not have been reduced to less than 1.40:1.0.

(w) *Liens*. Except as permitted by the Senior Bond Resolution or the Bond Resolution or as otherwise acceptable to the Bank, SMUD will not (a) issue any bonds, notes or other evidences of indebtedness of similar nature payable out of or secured by a security interest in or a pledge or assignment of the Electric System revenues pledged under the Senior Bond Resolution or the Bond Resolution and held or set aside by SMUD thereunder, or (b) create or cause to be created any Lien on the Electric System revenues. SMUD shall not, directly or indirectly, incur, create or permit to exist any Lien on all or any portion of the Electric System revenues that would affect the priority of Liens in existence on the Closing Date.

(x) *Anti-Terrorism Laws; Anti-Corruption Laws*. SMUD will not, and will ensure that neither its directors, officers, and employees, nor any agents or affiliates acting on SMUD's behalf, (a) use, transfer, or allocate proceeds of the Bonds, drawings by the Bank under the Letter of Credit or other funds in a manner that would result in a violation of applicable Sanctions, Anti-Terrorism Laws or Anti-Corruption Laws or (b) take action with the intent to evade compliance with applicable Sanctions or take any other action in violation of applicable Sanctions, Anti-Terrorism Laws or Anti-Corruption Laws.

(y) *Further Assurances*. SMUD agrees to do such further acts and things and to execute and deliver to the Bank such additional assignments, agreements, powers and instruments as the Bank may reasonably require or reasonably deem advisable to carry into effect the purposes of this Agreement and the Fee Agreement or to better assure and confirm to the Bank its rights, powers and remedies hereunder and under the SMUD Program Documents.



(z) *Immunity.* SMUD covenants that it will not claim immunity on the grounds of sovereignty or other similar grounds with respect to itself from (i) suit or (ii) jurisdiction of any court because of its status as a political subdivision of the State of California in connection with the enforcement of its obligations under this Agreement, the SMUD Program Documents, and the other documents contemplated by this Agreement.

(aa) *Ratings.* SMUD shall maintain a long-term unenhanced rating from at least one Rating Agency on its Bonds.

(bb) *Swap Contracts.* Without the prior written consent of the Bank, SMUD shall not enter into any Swap Contracts relating to Debt wherein any termination payments thereunder are senior to or on parity with the payment of the Bonds, Bank Bonds or Reimbursement Obligations.

(cc) *Shorter Amortization.* In the event that SMUD shall, directly or indirectly, enter into or otherwise consent to any Bank Agreement relating to Parity Subordinated Debt or other Debt of SMUD secured by a lien on Net Subordinated Revenues on parity with the Bonds which such Bank Agreement provides such Person with a shorter amortization period than what is set forth in Section 2.3 hereof (not taking into account any shorter amortization period that might occur under such Bank Agreement because of a default, termination event, or other similar event under such Bank Agreement) (each a “*Shorter Amortization Period*”), SMUD shall provide the Bank with a copy of each such Bank Agreement and such Shorter Amortization Period shall automatically be deemed to be incorporated into this Agreement and the Bank shall have the benefit of such Shorter Amortization Period as if specifically set forth herein. SMUD shall promptly enter into an amendment to this Agreement to include such Shorter Amortization Period; *provided* that the Bank shall have and maintain the benefit of such Shorter Amortization Period even if SMUD fails to provide such amendment.

(dd) *Incorporation of Covenants by Reference.* SMUD agrees that it will perform and comply with each and every covenant and agreement required to be performed or observed by it in Sections 3.02, 3.05, 3.06 and 6.08 of the Senior Bond Resolution and in each of the Program Documents, which provisions, as well as related defined terms contained therein, are hereby incorporated by reference herein with the same effect as if each and every such provision were set forth herein in its entirety all of which shall be deemed to be made for the benefit of the Bank and shall be enforceable against SMUD. To the extent that any such incorporated provision permits SMUD or any other party to waive compliance with such provision or requires that a document, opinion or other instrument or any event or condition be acceptable or satisfactory to SMUD or any other party, for purposes of this Agreement, such provision shall be complied with unless it is specifically waived by the Bank in writing and such document, opinion or other instrument and such event or condition shall be acceptable or satisfactory only if it is acceptable or satisfactory to the Bank which shall only be evidenced by the written approval by the Bank of the same. No termination or amendment to such covenants and agreements or defined terms or release of SMUD with respect thereto made pursuant to the Senior Bond Resolution or the Program Documents, shall be effective to terminate or amend such covenants and agreements and defined terms or release SMUD with respect thereto in each case as incorporated by reference herein without the prior written consent of the Bank. Notwithstanding any termination or expiration of the Senior Bond Resolution or the Program Documents, SMUD shall continue to observe such incorporated



covenants therein contained for the benefit of the Bank until the termination of this Agreement and the payment in full of all Obligations. All such incorporated covenants shall be in addition to the express covenants contained herein and shall not be limited by the express covenants contained herein nor shall such incorporated covenants be a limitation on the express covenants contained herein.

## ARTICLE VI

### DEFAULTS AND REMEDIES

*Section 6.1. Events of Default.* The occurrence and continuance of one or more of the following events shall constitute an event of default hereunder (“*Event of Default*”):

(a) SMUD shall fail to pay when due (i) the principal amount of any Drawing, Liquidity Advance or Bank Bonds; (ii) the interest on any Drawing, Liquidity Advance or Bank Bonds and such default shall continue unremedied for three (3) Business Days, or (iii) any other amounts due and owing under this Agreement or the Fee Agreement and such failure shall continue unremedied for a period of three (3) Business Days; or

(b) SMUD shall (i) default in the due performance or observance by it of any term, covenant or agreement contained in Sections 5.1(a)(i), 5.1(c), 5.1(f), 5.1(g), 5.1(i), 5.1(l), 5.1(m), 5.1(n), 5.1(t), 5.1(v), 5.1(w), **[5.1(x)]** or 5.1(z); (ii) default in the due performance or observance by it of any other term, covenant or agreement contained in Sections 5.1(a)(v), 5.1(a)(vi) or 5.1(a)(vii) and such default shall continue unremedied for a period of five (5) Business Days; (iii) default in the due performance or observance by it of any other terms, covenant or agreement contained in Section 5.1(a)(ii), 5.1(a)(iii), 5.1(a)(iv) or 5.1(a)(viii) and such default shall continue unremedied for a period of five (5) Business Days after the Bank has provided written notice to SMUD; or (iv) default in the due performance or observance by it of any other term, covenant or agreement hereunder or under the Fee Agreement (other than those referred to in Section 6.1(a), 6.1(b)(i), 6.1(b)(ii) or 6.1(b)(iii) hereof) and such default shall continue unremedied for a period of thirty (30) days; or

(c) Any representation, warranty, certification or statement made or deemed made by SMUD in this Agreement, any Program Document or in any certificate, financial statement or other document delivered to the Bank pursuant to this Agreement shall prove when made or deemed made, in the reasonable judgment of the Bank, to have been inaccurate and misleading in any material respect; or

(d) SMUD shall (i) default in any payment of (A) any Debt payable from or secured by all or any portion of the Net Revenues or Net Subordinated Revenues beyond the period of grace (not to exceed 30 days), if any, provided in the instrument or agreement under which such Debt was created or (B) any obligation under any Swap Contract the obligations under which are payable from or secured by a lien on all or any portion of the Net Revenues or Net Subordinated Revenues senior to or on a parity with the Bonds, Bank Bonds and Reimbursement Obligations, or (ii) default in the observance or performance of



any agreement or condition relating to any Debt payable from or secured by all or any portion of the Net Revenues or Net Subordinated Revenues on parity with or senior to the Bonds, Bank Bonds and Reimbursement Obligations or Swap Contract or Bank Agreement the obligations under which are payable from or secured by all or any portion of the Net Revenues or Net Subordinated Revenues on parity with or senior to the Bonds, Bank Bonds and Reimbursement Obligations contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit (A) the holder or holders (or a trustee or agent on behalf of such holder or holders) of any Debt or (B) the counterparty under any Swap Contract or Bank Agreement, in each case, payable from or secured by all or any portion of the Net Revenues or Net Subordinated Revenues on parity with or senior to the Bonds and Bank Bonds to cause, with the giving of notice if required, such Debt or obligations under such Swap Contract or Bank Agreement to become due prior to its stated maturity; or (iii) any Debt payable from or secured by a lien on all or any portion of the Net Revenues or Net Subordinated Revenues senior to or on a parity with the Bonds, Bank Bonds and Reimbursement Obligations or Swap Contract or Bank Agreement the obligations under which are payable from or secured by all or any portion of the Net Revenues or Net Subordinated Revenues on parity with or senior to the Bonds, Bank Bonds and Reimbursement Obligations shall be declared to be due and payable, or required to be prepaid other than by a regularly scheduled required prepayment, prior to the stated maturity thereof; or

(e) SMUD shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of itself or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail to pay its debts as they become due, or shall take any action to authorize any of the foregoing; or

(f) An involuntary case or other proceeding shall be commenced against SMUD seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property and such case or proceeding is not controverted within thirty (30) days and dismissed within sixty (60) days; or an order for relief shall be entered against SMUD under the Federal bankruptcy laws as now or hereafter in effect; or

(g) (i) A court of competent jurisdiction or other governmental authority with appropriate jurisdiction over SMUD shall enter a final and non-appealable judgment, order or decree declaring (x) any obligation of SMUD contained in this Agreement, any Program Document, the Senior Bond Resolution or the Bond Resolution or (y) any Program Document, the Senior Bond Resolution or the Bond Resolution (or any material provision thereof), in either case, to be invalid, not binding or unenforceable against SMUD or



(ii) any action is taken by the SMUD Board or any officer of SMUD authorized by the SMUD Board to contest the validity or enforceability of this Agreement, any other Program Document, the Senior Bond Resolution or the Bond Resolution or, in each case, any material provision thereof, or the SMUD Board or any officer of SMUD authorized by the SMUD Board repudiates its obligations under any Program Document, the Senior Bond Resolution or the Bond Resolution or any provision thereof or with respect to any Debt of SMUD secured by or payable from Net Revenues or Net Subordinated Revenues senior to or on a parity with the Bonds and Bank Bonds, or SMUD shall seek an adjudication that this Agreement, any other Program Document, the Senior Bond Resolution or the Bond Resolution or, in each case, any material provision thereof is not valid and binding; or

(h) A moratorium or comparable extraordinary restriction shall have been imposed, declared or announced by SMUD or imposed, declared or announced in a finding or ruling or other determination by any Governmental Authority having jurisdiction over SMUD (whether or not in writing) with respect to any Debt of SMUD secured by Net Revenues or Net Subordinated Revenues senior to or on a parity with the Bonds, Bank Bonds and Reimbursement Obligations; or

(i) Dissolution or termination of the existence of SMUD; or

(j) Any of the funds or accounts established pursuant to the Senior Bond Resolution or the Bond Resolution or any funds or accounts on deposit, or otherwise to the credit of, such funds or accounts shall become subject to any stay, writ, judgment, warrant of attachment, execution or similar process by any of the creditors of SMUD relating to an obligation or obligations of SMUD in excess of \$10,000,000 and such stay, writ, judgment, warrant of attachment, execution or similar process shall not be released, vacated or stayed within fifteen (15) days after its issue or levy; or

(k) Any court of competent jurisdiction or other governmental entity with jurisdiction shall find or rule or otherwise determine that any pledge or security interest created by this Agreement, the Senior Bond Resolution or the Bond Resolution to secure the Bonds, the Bank Bonds or Reimbursement Obligations shall fail to be enforceable with the priority required hereunder or thereunder; or

(l) (i) Any event which materially and adversely affects the ability of SMUD to observe and perform its obligations under this Agreement or the Fee Agreement shall have occurred and be continuing, (ii) any event which materially and adversely affects the ability of SMUD to observe and perform its obligations under any SMUD Program Document, the Senior Bond Resolution or the Bond Resolution shall have occurred and be continuing or (iii) either the Senior Bond Resolution or the Bond Resolution shall be amended and such amendment materially and adversely affects the ability of SMUD to observe and perform its obligations under this Agreement or the Fee Agreement; or

(m) The (i) downgrade by any Rating Agency of its long-term unenhanced rating with respect to any Bonds or any Parity Subordinated Debt to a level below "Baa1" (or its equivalent) in the case of Moody's, "BBB+" (or its equivalent) in the case of S&P



or “BBB+” (or its equivalent) in the case of Fitch or (ii) suspension or withdrawal by any Rating Agency of its respective long-term unenhanced rating on any Bonds or any Parity Subordinated Debt for credit-related reasons; or

(n) An “event of default” (or similar event) shall have occurred under any of the Program Documents, the Senior Bond Resolution or the Subordinate Bond Resolution; or

(o) A court of competent jurisdiction shall enter a final and non-appealable judgment, order or decree for the payment of money in excess of \$10,000,000 against SMUD and such judgment, order or decree shall continue unbonded or unsatisfied for a period of 60 days; or

(p) There shall be appointed or designated with respect to SMUD, an entity such as an organization, board, commission, authority, agency or body to declare a financial emergency or similar state of financial distress with respect to it or there shall be declared by it or by any legislative or regulatory body with competent jurisdiction over it, the existence of a state of financial emergency or similar state of financial distress in respect of it.

*Section 6.2. Rights and Remedies Upon Default.* Upon the occurrence of an Event of Default hereunder the Bank, in its sole discretion, may do any, none or all of the following:

(a) Deliver a written notice to the Trustee to cause a mandatory purchase of all Outstanding Bonds pursuant to Section 84.02 of the Supplemental Resolution, and stating that the Letter of Credit will terminate on the tenth (10th) day following the date of receipt by the Trustee of such notice;

(b) The Bank may by written notice to SMUD take any or all of the following actions, without prejudice to the rights of the Bank to enforce its claims against SMUD (*provided*, that, if an Event of Default specified in Section 6.1(e) or 6.1(f) hereof shall occur, the result which would occur upon the giving of written notice by the Bank to SMUD as specified above shall occur automatically without the giving of any such notice), declare the principal of and any accrued interest in respect of all Liquidity Advances and all other Obligations (other than the payment of the principal of and interest on Bank Bonds) owing hereunder to be, whereupon the same shall become, forthwith due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by SMUD;

(c) The Bank may, but shall not be obligated to, take such action as may be necessary to cure such Event of Default on behalf of and for the account of SMUD; or

(d) Exercise any rights and remedies available to the Bank at law, equity or under any Program Document.



## ARTICLE VII

### MISCELLANEOUS

*Section 7.1. Amendments, Waivers, Etc.* No amendment or waiver of any provision of this Agreement, or consent to any departure therefrom, shall in any event be effective unless the same shall be in writing and signed by the parties hereto, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

*Section 7.2. Notices.* All notices and other communications provided for hereunder shall be in writing (including required copies) and sent by receipted hand delivery (including Federal Express or other receipted courier service), facsimile or electronic mail transmission, or regular mail, as follows:

(a) if to SMUD: Sacramento Municipal Utility District  
6201 S Street  
Sacramento, California 95817-1899  
Attention: Treasurer  
Telephone: (916) 732-5605  
Telecopy: (916) 732-5835  
Email: Jon.Anderson@smud.org

With copies to:  
Alex.Fastovich@smud.org,  
[smud.cash@smud.org](mailto:smud.cash@smud.org)

(b) if to the Bank: For all matters:

PNC Bank, National Association  
[\_\_\_\_\_  
\_\_\_\_\_  
**Attention:** \_\_\_\_\_  
**Telephone:** \_\_\_\_\_  
**E-mail:** \_\_\_\_\_

**With a copy to:**

**PNC Bank, National Association  
500 First Avenue, 2nd Floor  
P7-PFSC-02-T  
Pittsburgh, PA 15219  
Attn: International Trade Product Delivery  
Telephone: (800) 682-4689  
Facsimile: (412) 705-0966  
Email: pncstandbysupport@pnc.com]**



(c) if to the Trustee: U.S. Bank Trust Company, National Association  
633 W. 5<sup>th</sup> Street, 24<sup>th</sup> Floor  
Los Angeles, CA 90071  
Attention: Serena Kohne  
Phone: 415-677-3699  
Email: serena.gutierrez@usbank.com

(d) if to the Remarketing Agent: PNC Capital Markets LLC  
1600 Market Street, 21st Floor  
Philadelphia, PA 19103  
Attention: VRDB Remarketing Desk  
Telephone: (215) 585-1441  
E-Mail: remarketing.desk@pnc.com

or, as to each Person named above, at such other address as shall be designated by such Person in a written notice to the parties hereto. All such notices and other communications shall, when delivered, sent by facsimile or electronic mail transmission or mailed, be effective when deposited with the courier, sent by facsimile or electronic mail transmission or mailed respectively, addressed as aforesaid, except that any certificates for Drawings under the Letter of Credit submitted to the Bank shall not be effective until received by the Bank.

*Section 7.3. Survival of Covenants; Successors and Assigns.* (a) All covenants, agreements, representations, and warranties made herein and in the certificates delivered pursuant hereto shall survive the making of any advance hereunder and shall continue in full force and effect until the Letter of Credit shall have terminated and all of the Obligations hereunder shall have been paid in full. Whenever in this Agreement any of the parties hereto is referred to, such reference shall, subject to the last sentence of this Section, be deemed to include the successors and assigns of such party, and all covenants, promises and agreements by or on behalf of SMUD which are contained in this Agreement shall inure to the benefit of the successors and assigns of the Bank. SMUD may not transfer its rights or obligations under this Agreement without the prior written consent of the Bank. The Bank may transfer or assign some or all of its rights and obligations under this Agreement and the Letter of Credit with the prior written consent of SMUD (which consent shall not be withheld unreasonably), *provided* that the Bank shall be responsible for all costs resulting from the transfer. No assignment of the Letter of Credit shall occur unless and until the provisions of the Supplemental Resolution providing for delivery of an Alternate Liquidity Facility or Alternate Credit Enhancement for the Bonds are complied with, treating the assigned Letter of Credit as an Alternate Liquidity Facility or Alternate Credit Enhancement. The Bank agrees to provide SMUD written notice of all amounts due and owing the Bank through and including the date of any assignment pursuant to this Section 7.3. This Agreement is made solely for the benefit of SMUD and the Bank, and no other Person (including, without limitation, DTC, the Remarketing Agent or any holder of Bonds) shall have any right, benefit or interest under or because of the existence of this Agreement.



(b) Notwithstanding the foregoing, the Bank shall be permitted to grant to one or more financial institutions (each a “*Participant*”) a participation or participations in all or any part of the obligations of SMUD under the Bank Bonds or in all or any part of the Bank’s rights and benefits and obligations under this Agreement on a participating basis but not as a party to this Agreement (a “*Participation*”) without the consent of SMUD. In the event of any such grant by the Bank of a Participation to a Participant, the Bank shall remain responsible for the performance of its obligations hereunder, and SMUD shall continue to deal solely and directly with the Bank in connection with the Bank’s rights and obligations under this Agreement. SMUD agrees that each Participant shall, to the extent of its Participation, be entitled to the benefits of this Agreement as if such Participant were the Bank, *provided* that no Participant shall have the right to declare, or to take actions in response to, an Event of Default hereunder; *provided further* that SMUD’s liability to any Participant shall not in any event exceed that liability which SMUD would owe to the Bank but for such participation; *provided further, however*, that no such grant or assignment shall affect the obligations of the Bank under the Letter of Credit.

*Section 7.4. Unconditional Obligations.* The obligations of SMUD under this Agreement and the Fee Agreement shall be primary, absolute, independent, unconditional and irrevocable and shall be performed strictly in accordance with the terms of this Agreement and the Fee Agreement, including without limitation the following circumstances:

- (a) Any lack of validity or enforceability of the Program Documents or any other agreement or instrument relating to any of the above;
- (b) Any amendment or waiver of, or any consent to or departure from, any provision of any of the Program Documents, except for any waiver or consent granted by the Bank;
- (c) The existence of any claim, setoff, defense or other rights that SMUD may have at any time against the Bank or any other Person, whether in connection with this Agreement, the other Program Documents or any unrelated transaction;
- (d) Any breach of contract or other dispute between SMUD and any Bondholder, the Bank or any other Person;
- (e) Any demand, statement or any other document presented under the Letter of Credit proving to have been forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect whatsoever; or
- (f) payment by the Bank under the Letter of Credit against presentation of a sight draft or certificate which does not comply with the terms of the Letter of Credit.

*Section 7.5. Liability of Bank; Indemnification.* (a)(i) Except as provided in this Agreement, the Bank shall not be obligated to issue any further credits, to cure any defaults under any Program Document or otherwise, or in any other manner to extend any financial consideration or accommodation to SMUD.



(ii) The Bank shall not be deemed to have waived or released any of its rights or remedies (whether specified in or arising under this Agreement, the Fee Agreement or otherwise available to it by law or agreement) unless the Bank shall have signed a written waiver or release. Delay or failure to act on the Bank's part shall not constitute a waiver of or otherwise preclude enforcement of any of its rights and remedies. All of the Bank's rights and remedies shall be cumulative and may be exercised separately or concurrently. The Bank need not resort to any particular right or remedy before exercising or enforcing any other, and the Bank's resort to any right or remedy shall not preclude the exercise or enforcement of any other right or remedy.

(iii) With respect to the Bank, SMUD assumes any and all risks with respect to the acts or omissions of each of the Trustee (and any transferee of the Letter of Credit) and the Remarketing Agent in connection with its use of the Letter of Credit or any amounts made available by the Bank thereunder; *provided* that this assumption with respect to the Bank is not intended to, and shall not, preclude SMUD's pursuing such rights and remedies as it may have against the Trustee, such transferee, the Remarketing Agent or any such paying agent at law or under any other agreement. Neither the Bank nor any of its officers, directors, employees or agents shall be liable or responsible for:

(A) The use that may be made of the Letter of Credit or any amounts made available by the Bank thereunder or for any acts or omissions of the Trustee (or any transferee of the Letter of Credit), SMUD or the Remarketing Agent in connection therewith;

(B) The form, validity, sufficiency, accuracy or genuineness of documents, or of any endorsements thereon, even if such documents should prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged, so long as the Bank was not grossly negligent or guilty of willful misconduct as determined by a court of competent jurisdiction;

(C) Payment by the Bank against presentation of documents that do not comply strictly with the terms of the Letter of Credit, including failure of any documents to bear any reference or adequate reference to the Letter of Credit;

(D) The validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign this Agreement or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason;

(E) Errors, omissions, interruptions or delays in transmission or delivery of any messages by telex, mail, cable, telegraph, facsimile or otherwise, whether or not they have been in cipher;

(F) Errors in interpretation of technical terms;

(G) Any consequences arising from causes beyond the control of the Bank, including, without limitation, any Government Acts;



(H) The solvency of the beneficiary of the Letter of Credit or any other Person;  
or

(I) any other circumstances whatsoever in making or failing to make payment under the Letter of Credit, except only that SMUD shall have a claim against the Bank, and the Bank shall be liable to SMUD, to the extent, but only to the extent, of any direct, as opposed to consequential, special or punitive damages (the right to receive consequential, special or punitive damages being hereby waived by SMUD), suffered by SMUD which are determined by a final and nonappealable judgment of a court of competent jurisdiction to be caused by (A) the Bank's willful misconduct or gross negligence in determining whether documents presented under the Letter of Credit comply with the terms thereof or (B) the Bank's willful failure to pay under the Letter of Credit after the presentation to it by the Trustee (or a successor trustee under the Bond Resolution in accordance with its terms) of a certificate strictly complying with the terms and conditions of the Letter of Credit; *provided, however*, that the maximum amount of damages recoverable by SMUD as provided above is expressly limited to the Available Amount of the Letter of Credit;

*provided* that, notwithstanding anything in the preceding clauses (A) through (I) to the contrary, SMUD shall have a claim against the Bank, and the Bank shall be liable to SMUD, to the extent, but only to the extent, of any direct, as opposed to consequential, damages suffered by SMUD that SMUD proves were caused by (A) the Bank's failure to pay under the Letter of Credit after the presentation to it by the Trustee of a certificate strictly complying with the terms and conditions of the Letter of Credit or (B) the Bank's willful or grossly negligent payment under the Letter of Credit as determined by a court of competent jurisdiction in a final non-appealable judgment.

In furtherance and not in limitation of the foregoing, the Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary.

(b) Without limiting any other provision of this Agreement, the Bank:

(i) may rely upon any oral, telephonic, telegraphic, facsimile, electronic, written or other communication believed to have been authorized by SMUD, whether or not given or signed by an authorized representative of SMUD;

(ii) shall not be responsible for errors, omissions, interruptions or delays in transmission or delivery of any message, advice or document in connection with the Letter of Credit, whether transmitted or delivered by courier, mail, telex, any other telecommunication, or otherwise, or for errors in interpretation of technical terms or in translation;

(iii) shall not be responsible for the identity or authority of any signer or the form, accuracy, genuineness, falsification or legal effect of any Drawing, certificate or other document presented under the Letter of Credit;



(iv) may accept or pay as complying with the terms and conditions of the Letter of Credit any Drawing, certificate or other document appearing on its face (A) to comply with the terms and conditions of the Letter of Credit, (B) to be signed or presented by or issued to any successor of the beneficiary or any other Person in whose name the Letter of Credit requires or authorizes that any Drawing, certificate or other document be signed, presented or issued, including any administrator, executor, personal representative, trustee in bankruptcy, debtor in possession, liquidator, receiver, or successor by merger or consolidation, or any other Person purporting to act as the representative of or in place of any of the foregoing, or (C) to have been signed, presented or issued after a change of name of the beneficiary;

(v) may disregard (A) any requirement stated in the Letter of Credit that any Drawing, certificate or other document be presented to it at a particular hour or place and (B) any discrepancies that do not reduce the value of the beneficiary's performance to SMUD in any transaction underlying the Letter of Credit;

(vi) may accept as a Drawing any written or electronic demand or other request for payment under the Letter of Credit, even if such demand or other request is not in the form of a negotiable draft;

(vii) shall not be responsible for the effectiveness or suitability of the Letter of Credit for SMUD's or any other Person's purpose, or be regarded as the drafter of the Letter of Credit regardless of any assistance that the Bank may, in its discretion, provide to SMUD or any other Person in preparing the text of the Letter of Credit or amendments thereto;

(viii) shall not be liable to any Person for any consequential, punitive or special damages, or for any damages resulting from any change in the value of any foreign currency, services or goods or other property covered by the Letter of Credit;

(ix) may assert or waive application of ISP98 articles primarily benefiting bank issuers;

(x) may honor a previously dishonored presentation under the Letter of Credit, whether pursuant to court order, to settle or compromise any claim that it wrongfully dishonored, or otherwise, and shall be entitled to reimbursement to the same extent as if it had initially honored such presentation;

(xi) may honor, upon receipt, any Drawing that is payable upon presentation of a statement advising negotiation or payment (even if such statement indicates that a Drawing, certificate or other document is being separately delivered) and shall not be liable for any failure of any Drawing, certificate or document to arrive or to conform in any way with the Drawing, certificate or other document referred to in the statement or any underlying contract; and



(xii) may pay any paying or negotiating bank (designated or permitted by the terms of the Letter of Credit) claiming that it rightfully honored under the laws or practices of the place where it is located.

(c) (i) To the maximum extent permitted by applicable law, SMUD agrees to indemnify, save and hold harmless each Bank-Related Person from and against: (A) any and all claims, demands, actions or causes of action that may at any time (including at any time following repayment of the Obligations) be asserted or imposed against any Bank-Related Person arising out of or relating to this Agreement, the Letter of Credit, the Fee Agreement or any other Program Document, the use or contemplated use of the proceeds of any advance by the Bank hereunder, or the relationship of SMUD and the Bank under this Agreement or any other Program Document; (B) any investigative, administrative or judicial proceeding by any Governmental Authority arising out of or related to a claim, demand, action or cause of action described in subsection (A) above; and (C) any and all liabilities (including liabilities under indemnities), losses, costs or expenses (including attorney costs) that any Bank-Related Person suffers or incurs as a result of the assertion of any foregoing claim, demand, action, cause of action or proceeding, or as a result of the preparation of any defense in connection with any foregoing claim, demand, action, cause of action or proceeding, in all cases, and whether or not a Bank-Related Person is a party to such claim, demand, action, cause of action or proceeding; *provided* that no Bank-Related Person shall be entitled to indemnification for any claim caused by its own gross negligence or willful misconduct. The agreements in this subsection shall survive the termination of this Agreement and repayment of all of the Obligations.

(ii) To the maximum extent permitted by applicable law, SMUD shall also indemnify and hold harmless the Bank from any transfer taxes, documentary taxes, assessments or charges made by any Governmental Authority by reason of the execution and delivery of this Agreement and the Program Documents or the execution and delivery or transfer of, or payment or failure to pay under the Letter of Credit. The agreements in this subsection shall survive the termination of this Agreement and repayment of all of the Obligations.

*Section 7.6. Expenses.* SMUD will promptly pay (i) the reasonable fees and expenses of counsel to the Bank incurred in connection with the preparation, execution and delivery of this Agreement and the other Program Documents, (ii) the reasonable out-of-pocket expenses of the Bank incurred in connection with the preparation, execution and delivery of this Agreement and the other Program Documents, (iii) the reasonable fees and disbursements of counsel to the Bank with respect to advising the Bank as to the rights and responsibilities under this Agreement after the occurrence of an Event of Default and (iv) all reasonable costs and expenses, if any, in connection with the administration and enforcement of this Agreement and the Program Documents and any other documents which may be delivered in connection herewith or therewith, including in each case the fees and disbursements of counsel to the Bank. In addition, SMUD agrees to pay, after the occurrence of an Event of Default, all reasonable costs and expenses (including attorneys' and consultants' fees and costs of settlement) incurred by the Bank in enforcing any obligations or in collecting any payments due from SMUD hereunder by reason of such Event of Default or in connection with any refinancing or restructuring of the credit arrangements provided under this Agreement in the nature of a "workout" or of any insolvency or



bankruptcy proceedings. The obligations of SMUD under this Section 7.6 shall survive the termination of this Agreement.

*Section 7.7. No Waiver; Conflict.* No failure by the Bank to exercise, and no delay by the Bank in exercising any right, power or privilege hereunder, nor any course of dealing with respect to any of the same, shall operate as a waiver thereof, preclude any other or further exercise thereof nor shall a single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power, or privilege. The rights, remedies, powers and privileges herein provided and provided under each other Program Document are cumulative, and not exclusive of any rights, remedies, powers and privileges provided by law.

*Section 7.8. Modification, Amendment, Waiver, Etc.* No modification, amendment or waiver of any provision of this Agreement shall be effective unless the same shall be in writing and signed in accordance with Section 7.1 hereof.

*Section 7.9. Dealing with SMUD .* The Bank and its affiliates may accept deposits from, extend credit to and generally engage in any kind of banking, trust or other business with SMUD regardless of the capacity of the Bank hereunder.

*Section 7.10. Severability.* Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction, and all other remaining provisions hereof will be construed to render them enforceable to the fullest extent permitted by law.

*Section 7.11. Counterparts.* This Agreement may be executed in two or more counterparts, each of which shall constitute an original, but when taken together shall constitute but one agreement and any of the parties hereto may execute this Agreement by signing any such counterpart. The parties agree that the electronic signature of a party to this Agreement shall be as valid as an original signature of such party and shall be effective to bind such party to this Agreement. The parties agree that any electronically signed document (including this Agreement) shall be deemed (i) to be “written” or “in writing,” (ii) to have been signed and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Such paper copies or “printouts,” if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule. For purposes hereof, “electronic signature” means a manually-signed original signature that is then transmitted by electronic means; “transmitted by electronic means” means sent in the form of a facsimile or sent via the internet as a “pdf” (portable document format) or other replicating image attached to an e-mail message; and, “electronically signed document” means a document transmitted by electronic means and containing, or to which there is affixed, an electronic signature.



*Section 7.12. Table of Contents; Headings.* The table of contents and the section and subsection headings used herein have been inserted for convenience of reference only and do not constitute matters to be considered in interpreting this Agreement.

*SECTION 7.13. ENTIRE AGREEMENT.* THIS AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES HERETO WITH RESPECT TO THE SUBJECT MATTER HEREOF AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES HERETO AS TO SUCH SUBJECT MATTER.

*Section 7.14. Governing Law.* PURSUANT TO SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW (OR ANY SUCCESSOR STATUTE THERETO), THIS AGREEMENT AND THE FEE AGREEMENT SHALL BE DEEMED TO BE A CONTRACT UNDER, AND SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK AND APPLICABLE FEDERAL LAW; *PROVIDED, HOWEVER*, THAT THE CAPACITY, POWER AND AUTHORITY OF SMUD TO ENTER INTO THIS AGREEMENT AND THE OBLIGATIONS OF SMUD HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA AND APPLICABLE FEDERAL LAW WITHOUT REGARD TO CHOICE OF LAW RULES.

*Section 7.15. Waiver of Jury Trial.* (a) TO THE FULL EXTENT PERMITTED BY LAW, SMUD AND THE BANK EACH WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY FOR ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT, THE FEE AGREEMENT, ANY OF THE OTHER PROGRAM DOCUMENTS, THE SENIOR BOND RESOLUTION, THE BOND RESOLUTION OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH OF SMUD AND THE BANK FURTHER AGREES THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT JURY. WITHOUT LIMITING THE FOREGOING, TO THE EXTENT PERMITTED BY LAW, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT, THE FEE AGREEMENT, AND/OR ANY PROVISION HEREOF OR THEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT AND/OR THE FEE AGREEMENT.

(b) In the event the waiver of jury trial as set forth in subsection (a) of this Section shall be declared void or unenforceable, each of SMUD and the Bank agrees to refer the dispute to a judicial referee in accordance with the provisions of Section 638 *et seq.* of the California Code of Civil Procedure.

*Section 7.16. Right of Setoff; Other Collateral.* (a) Upon the occurrence and during the continuance of an Event of Default, the Bank is hereby authorized at any time and from time to time without notice to SMUD (any such notice being expressly waived by SMUD), and to the fullest extent permitted by law, to setoff, to exercise any banker's lien or any right of attachment and apply any and all balances, credits, deposits (general or special, time or demand, provisional or final), accounts or monies at any time held and other indebtedness at any time owing by the Bank to or for the account of SMUD (irrespective of the currency in which such accounts, monies or indebtedness may be denominated and the Bank is authorized to convert such accounts, monies and indebtedness into United States dollars) against any and all of the Obligations of SMUD,



whether or not the Bank shall have made any demand for any amount owing to the Bank by SMUD; *provided, however*, that any such setoff, exercise of banker's lien or any right of attachment shall be limited to (i) balances, credits, deposits (general or special, time or demand, provisional or final), accounts or monies or (ii) indebtedness owed by the Bank to or for the account of SMUD, the proceeds of which would otherwise be available to pay or satisfy or otherwise secure the Bonds, the Obligations or any other indebtedness or obligations of SMUD secured or payable on a parity with or subordinate to the Lien on Net Subordinated Revenues securing the Bonds and the Bank Bonds; and *provided further, however*, that the exercise of any such setoff, banker's lien or right of attachment and the application of any such balances, credits, deposits, accounts, monies or proceeds of indebtedness that would constitute Revenues or other funds pledged pursuant to the Senior Bond Resolution or Bond Resolution shall be subject to the terms, conditions and lien and payment priorities set forth in the Senior Bond Resolution and the Bond Resolution.

(b) The rights of the Bank under this Section 7.16 are in addition to, in augmentation of, and, except as specifically provided in this Section 7.16, do not derogate from or impair, other rights and remedies (including, without limitation, other rights of setoff) which the Bank may have hereunder or under the other Program Documents.

*Section 7.17. USA Patriot Act.* The Bank hereby notifies SMUD that, pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107 56 signed into law October 26, 2001) (the "*Patriot Act*"), it is required to obtain, verify and record information that identifies SMUD, which information includes the name and address of SMUD and other information that will allow the Bank to identify SMUD in accordance with applicable "know your customer" and anti-money-laundering rules and regulations, including, without limitation, the Patriot Act. SMUD hereby agrees that it shall promptly provide such information upon request by the Bank.

*Section 7.18. Assignment to Federal Reserve Bank.* The Bank and each other Bank Bondholder may assign and pledge all or any portion of the Obligations owing to it hereunder or its rights under any Bank Bond (including, without limitation, rights to payment under this Agreement or under any Bank Bond) to any Federal Reserve Bank or the United States Treasury, including, without limitation, as collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve System and any Operating Circular issued by such Federal Reserve Bank or to any state or local governmental entity or with respect to public deposits; *provided* that any payment in respect of such assigned Obligations made by SMUD or on its behalf to the Bank in accordance with the terms of this Agreement shall satisfy SMUD's Obligations hereunder in respect of such assigned Obligation to the extent of such payment. No such assignment shall release the Bank from its obligations hereunder.

*Section 7.19. No Advisory or Fiduciary Relationship.* In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Program Document), SMUD acknowledges and agrees that: (a) (i) the services regarding this Agreement provided by the Bank and any Affiliate thereof are arm's-length commercial transactions between SMUD, on the one hand, and the Bank and its Affiliates, on the other hand, (ii) SMUD has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (iii) SMUD is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby



and by the other Program Documents; (b) (i) the Bank and its Affiliates each is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary pursuant to Section 15B of the Securities Exchange Act of 1934 or otherwise, for SMUD or any other Person and (ii) neither the Bank nor any of its Affiliates has any obligation to SMUD with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Program Documents; and (c) the Bank and its Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of SMUD, and neither the Bank nor any of its Affiliates has any obligation to disclose any of such interests to SMUD. To the fullest extent permitted by Law, SMUD hereby waives and releases any claims that it may have against the Bank or any of its Affiliates with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transactions contemplated hereby.

*Section 7.20. EMMA Postings.* In the event SMUD files with EMMA, this Agreement, any Program Documents or any description of the material terms thereof or notice of any agreement to covenants, events of default, remedies, priority rights or other similar terms with respect thereto, either voluntarily or as required pursuant a continuing disclosure agreement or Rule 15c2-12 promulgated pursuant to the Securities and Exchange Act of 1934, as amended (the “Rule”) (each such posting, an “EMMA Posting”), SMUD shall (i) provide the Bank with a copy of each EMMA Posting prior to submitting or posting on EMMA and (ii) shall not file or permit the filing of any EMMA Posting that includes Confidential Information. SMUD acknowledges and agrees that although the Bank may request or review edits or redactions of such materials prior to filing, the Bank is not responsible for SMUD’s or any other entity’s (including, but not limited to, any broker-dealer’s) compliance or noncompliance (or any claims, losses or liabilities arising therefrom) with any continuing disclosure agreement or any applicable securities or other laws, including, but not limited to, those relating to the Rule.

*Section 7.21. US QFC Stay Rules.*

(a) *Recognition of U.S. Resolution Regimes.* In the event that any party that is a Covered Entity becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of this Agreement (and any interest and obligation in or under this Agreement and any property securing this Agreement) from such Covered Entity will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if this Agreement (and any such interest, obligation and property) were governed by the laws of the United States or a state of the United States. In the event that any party that is a Covered Entity or a BHC Act Affiliate of such party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights against such party with respect to this Agreement are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if this Agreement were governed by the laws of the United States or a state of the United States. The requirements of this paragraph (a) apply notwithstanding the provisions of paragraph (b).

(b) *Limitation on the Exercise of Certain Rights Related to Affiliate Insolvency Proceedings.* Notwithstanding anything to the contrary in this Agreement or any related



agreement, but subject to the requirements of paragraph (a), no party to this Agreement shall be permitted to exercise any Default Right against a party that is a Covered Entity with respect to this Agreement that is related, directly or indirectly, to a BHC Act Affiliate of such Covered Entity becoming subject to Insolvency Proceedings, except to the extent the exercise of such Default Right would be permitted under 12 C.F.R. § 252.84, 12 C.F.R. § 47.5, or 12 C.F.R. § 382.4, as applicable. After a BHC Act Affiliate of a party that is a Covered Entity has become subject to Insolvency Proceedings, any party that seeks to exercise a Default Right against such Covered Entity with respect to this Agreement shall have the burden of proof, by clear and convincing evidence, that the exercise of such Default Right is permitted hereunder.

*“BHC Act Affiliate”* of a party means an “affiliate” (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

*“Covered Entity”* means any of the following:

(a) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);

(b) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or

(c) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

*“Default Right”* has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

*“Insolvency Proceeding”* means a receivership, insolvency, liquidation, resolution, or similar proceeding.

*“U.S. Special Resolution Regime”* means each of (i) the Federal Deposit Insurance Act and the regulations promulgated thereunder and (ii) Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder.

[Remainder of page intentionally left blank.]



IN WITNESS WHEREOF, each party hereto has caused this Agreement to be duly executed and delivered by its respective officer thereunto duly authorized as of the date first written above.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

PNC BANK, NATIONAL ASSOCIATION

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



**EXHIBIT A**

**IRREVOCABLE DIRECT-PAY LETTER OF CREDIT**

**PNC BANK, NATIONAL ASSOCIATION**

June \_\_, 2025  
\*\*U.S. \$[\_\_\_\_\_] ]  
No. [\_\_\_\_\_] ]

Beneficiary:  
U.S. Bank Trust Company, National  
Association,  
as Trustee

[\_\_\_\_\_] ]

Attention: [\_\_\_\_\_] ]

Ladies and Gentlemen:

We hereby establish in your favor as Trustee in accordance with Resolution No. 01-06-10 of Sacramento Municipal Utility District (“SMUD”), duly adopted at a meeting of SMUD on June 21, 2001, amending and restating Resolution No. 85-11-1 of SMUD adopted at a meeting of SMUD on November 7, 1985, as amended, restated and supplemented (the “*Subordinate Master Resolution*”), as supplemented by Resolution No. 23-05-07 Fourteenth Supplemental Resolution Authorizing the Issuance of Subordinated Electric Revenue Refunding Bonds, 2023 Series C (as amended, supplemented, modified or restated, the “*Supplemental Resolution*”) adopted by the Board of Directors of SMUD, on May 18, 2023, for the benefit of the holders of the Bonds (as hereinafter defined), our irrevocable direct-pay Letter of Credit No. [\_\_\_\_\_] issued pursuant to the hereinafter defined Reimbursement Agreement for the account of SMUD, whereby we hereby irrevocably authorize you to draw on us from time to time, from and after the date hereof to and including the earliest to occur of our close of business on: (i) [\_\_\_\_\_] , 2028 (as extended from time to time, the “*Stated Expiration Date*”), (ii) the earlier of (A) the date which is one (1) Business Day following the date (the “*Mode Change Date*”) on which the interest rate on all of the Bonds has been converted to a rate other than the Daily Rate or the Weekly Rate (as each such term is defined in the Supplemental Resolution) as such Mode Change Date is specified in a certificate in the form of Annex A (Notice of Mode Change Date) attached hereto or (B) the date on which the Bank honors a drawing under the Letter of Credit on or after such Mode Change Date as specified in a certificate in the form of Annex A hereto, (iii) the date of our receipt from you of a certificate in the form set forth as Annex B (Notice of Termination) attached hereto, (iv) the date we honor (x) a Stated Maturity Drawing (as hereinafter defined) upon receipt of a certificate in the form of Annex F (Stated Maturity Drawing Certificate) attached hereto or (y) an Acceleration Drawing (as hereinafter defined) upon receipt of a certificate in the form of Annex M (Acceleration Drawing Certificate) attached hereto, and (v) the date which is ten (10) days following receipt by you of a written notice from us in the form of Annex L hereto specifying the occurrence of an



Event of Default (a “*Default Notice*”) under the Reimbursement Agreement dated as of June 1, 2025 (as amended, supplemented, restated and otherwise modified from time to time, the “*Reimbursement Agreement*”), between SMUD and PNC Bank, National Association (the “*Bank*”), and directing you to cause a mandatory tender of the Bonds (the earliest of the foregoing dates being referred to herein as the “*Termination Date*”), a maximum aggregate amount not exceeding [\_\_\_\_\_] **Million** [\_\_\_\_\_] **Thousand** [\_\_\_\_\_] United States Dollars (U.S. \$[\_\_\_\_\_] the “*Original Stated Amount*”) to pay principal of and accrued interest on, or the purchase price of, Sacramento Municipal Utility District Subordinated Electric Revenue Refunding Bonds, 2023 Series C (the “*Bonds*”), in accordance with the terms hereof (said \$[\_\_\_\_\_] having been calculated to be equal to \$[132,020,000], the aggregate Outstanding principal amount of the Bonds on the date hereof, plus \$[\_\_\_\_\_] which is an amount equal to accrued interest on the Bonds for a period of [\_\_\_\_\_] (\_\_\_\_\_) <sup>1</sup> days, computed as though the Bonds bore interest at the rate of 12% per annum, based on a year of 365 days and the actual number of days elapsed). This credit is available to you against presentation your sight draft (in the form of Annex K (Form of Sight Draft) attached hereto) to the Bank accompanied the following documents (the “*Payment Documents*”) as described below:

A certificate (with all blanks appropriately completed) (i) in the form attached as Annex C (Interest Drawing Certificate) attached hereto to pay accrued interest on the Bonds as provided for in Section 84.08(a) of the Supplemental Resolution (an “*Interest Drawing*”), (ii) in the form attached as Annex D (Redemption Drawing) attached hereto to pay the principal amount of and accrued interest on the Bonds in respect of any redemption of the Bonds as provided for in Section 83.02 or 83.05(a) of the Supplemental Resolution (a “*Redemption Drawing*”), *provided* that in the event the date of redemption coincides with a date interest is due on the Bonds pursuant to the Supplemental Resolution (each an “*Interest Payment Date*”), the Redemption Drawing shall not include any accrued interest on the Bonds (which interest is payable pursuant to an Interest Drawing), (iii) in the form attached as Annex E (Liquidity Drawing Certificate) attached hereto, to allow the Trustee to pay the purchase price of Bonds tendered for purchase as provided for in Section 84.01 or 84.02 of the Supplemental Resolution which have not been successfully remarketed or for which the purchase price has not been received by the Trustee by 12:00 noon, New York City time, on the purchase date (a “*Liquidity Drawing*”), *provided* that in the event the purchase date coincides with an Interest Payment Date, the Liquidity Drawing shall not include any accrued interest on the Bonds (which interest is payable pursuant to an Interest Drawing), (iv) in the form attached as Annex F hereto to pay the principal amount of and interest on Bonds maturing on August 15, 2041 (a “*Stated Maturity Drawing*”), or (v) in the form attached as Annex M hereto to pay the principal of and interest on Bonds the payment of which has been accelerated pursuant to the Subordinate Master Resolution (an “*Acceleration Drawing*”), each certificate to state therein that it is given by your duly authorized officer and dated the date such certificate is presented hereunder.

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<sup>1</sup> NTD: I think this will likely need to be 52 (35 days + 10 days for redemption notices + 7 days for the 5 Business Day reinstatement period) but do we just want to leave blank for the Rating Agencies to weigh in?



No drawings shall be made under this Letter of Credit for any (i) Bank Bonds (as defined in the Reimbursement Agreement), (ii) Bonds bearing interest at an interest rate other than the Daily Rate or Weekly Rate or (iii) Bonds owned by or on behalf of, or for the benefit of or for the account of, SMUD (collectively, the foregoing Bonds shall be referred to as "*Ineligible Bonds*").

All drawings shall be made by presentation of each Payment Document at our office at **[PNC Bank, 500 First Avenue, Second Floor P7-PFSC-02-T, Pittsburgh PA 15219, Telephone: (800) 682-4689, Facsimile: (412) 705-0966, Email: pncstandbysupport@pnc.com]**, or at such other address or facsimile number as we may specify to you in writing, without further need of documentation, including the original of this Letter of Credit, it being understood that each Payment Document so submitted is to be the sole operative instrument of drawing.

We agree to honor and pay the amount of any Interest Drawing, Redemption Drawing, Liquidity Drawing, Stated Maturity Drawing or Acceleration Drawing if presented in compliance with all of the terms of this Letter of Credit. If such drawing, other than a Liquidity Drawing, is presented prior to 2:00 p.m., New York time, on a Business Day, payment shall be made of the amount specified, in immediately available funds, by 1:00 p.m., New York time, on the following Business Day. If any such drawing, other than a Liquidity Drawing, is presented at or after 2:00 p.m., New York time, on a Business Day, payment shall be made of the amount specified, in immediately available funds, by 1:00 p.m., New York time, on the second following Business Day. If a Liquidity Drawing is presented on or prior to 12:15 p.m., New York time, on a Business Day, payment shall be made of the amount specified, in immediately available funds, by 2:45 p.m., New York time, on the same Business Day. If a Liquidity Drawing is presented after 12:15 p.m., New York time, payment shall be made of the amount specified, in immediately available funds, by 2:45 p.m., New York time, on the following Business Day. Payments made hereunder shall be made by wire transfer in immediately available funds, to the Trustee at: **[U.S. Bank Trust Company, National Association, ABA Number \_\_\_\_\_, Account Number \_\_\_\_\_, Attention: \_\_\_\_\_, Reference: \_\_\_\_\_]**. Such account may be changed only by presentation to the Bank of a letter in form satisfactory to the Bank specifying a different account with the Trustee and executed by the Trustee and authenticated to our satisfaction. "*Business Day*" shall mean any day other than (i) a Saturday or Sunday or (ii) a day on which banks located in (a) the State of California or the State of New York, (b) the city or cities in which the principal office of the Trustee or the Remarketing Agent are located, or (c) the city or cities in which the office of the Bank at which it will pay draws or advances is located, are required or authorized to remain closed (initially, Pittsburgh, Pennsylvania), (iii) a day on which The New York Stock Exchange or Federal Reserve Bank is closed or (iv) a day on which the principal offices of the Bank is closed.

The Available Amount (as hereinafter defined) will be reduced automatically by the amount of any drawing hereunder; *provided, however*, that the amount of any Interest Drawing hereunder, less the amount of the reduction in the Available Amount attributable to interest as specified in a certificate in the form of Annex G (Reduction Certificate) attached hereto, shall be automatically reinstated on our open of business on the fifth (5th) Business Day following the date such Interest Drawing is honored unless you shall have received a Default Notice from us stating that we have not been reimbursed in full for such Interest Drawing or that any Event of Default



has occurred under the Reimbursement Agreement by the close of business on the fourth (4th) Business Day following the date such Interest Drawing is honored and as a consequence thereof the Letter of Credit will not be so reinstated and we shall direct you to cause a mandatory tender of the Bonds, and thereby causing this Letter of Credit to expire ten (10) days following your receipt of such Default Notice. After payment by us of a Liquidity Drawing, the obligation of the Bank to honor Drawings under this Letter of Credit will be automatically reduced by the amount of such Liquidity Drawing. In addition, prior to the Mode Change Date, in the event of the remarketing of the Bonds (or portions thereof) previously purchased with the proceeds of a Liquidity Drawing, the Bank's obligation to honor Drawings hereunder will be automatically reinstated concurrently with receipt by the Bank of a certificate in the form of Exhibit J (Notice of Reinstatement) attached hereto and an amount equal to the amount stated in such Exhibit J. "*Available Amount*" shall mean the Original Stated Amount (i) less the amount of all prior reductions pursuant to Interest Drawings, Redemption Drawings or Liquidity Drawings, (ii) less the amount of any reduction thereof pursuant to a reduction certificate in the form of Annex D or G hereto, (iii) plus the amount of all reinstatements as above provided.

Upon receipt by us of a certificate of the Trustee in the form of Annex D or G hereto, the Available Amount will be automatically and permanently reduced by the amount specified in such certificate.

Prior to the Termination Date, we may extend the Stated Expiration Date from time to time at the request of SMUD by delivering to you an amendment to this Letter of Credit in the form of Annex H (Notice of Extension) attached hereto designating the date to which the Stated Expiration Date is being extended. All references in this Letter of Credit to the Stated Expiration Date shall be deemed to be references to the date designated as such in such notice. Any date to which the Stated Expiration Date has been extended as herein provided may be extended in a like manner.

Upon the Termination Date, this Letter of Credit shall automatically terminate and you shall return this Letter of Credit (and any amendments thereto) to the Bank.

This Letter of Credit is transferable in whole only to your successor as Trustee. Any such transfer (including any successive transfer) shall be subject to the Bank's receipt of a signed transfer request signed by the transferor and by the transferee in the form of Annex I (the "*Transfer Certificate*") attached hereto together with this original Letter of Credit along with any amendments thereto. Transfers to designated foreign nationals and/or specifically designated nationals are not permitted as being contrary to the U.S. Treasury Department or Foreign Assets Control Regulations. Upon our endorsements of such transfer, the transferee instead of the transferor shall be entitled to all the benefits of and rights under this Letter of Credit in the transferor's place; *provided* that, in such case, any certificates of the Trustee to be provided hereunder shall be signed by one who states therein that he is a duly authorized officer of the transferee.

Other than the foregoing provisions permitting communication by facsimile, all communications with respect to this Letter of Credit shall be in writing and shall be addressed to us at **[PNC Bank, 500 First Avenue, Second Floor P7-PFSC-02-T, Pittsburgh PA 15219, Telephone: (800) 682-4689, Facsimile: (412) 705-0966, Email: [pncstandbysupport@pnc.com](mailto:pncstandbysupport@pnc.com)]**



(or such other address(es) as we may specify in writing), specifically referring to the number and date of this Letter of Credit.

To the extent not inconsistent with the express terms hereof, this Letter of Credit shall be governed by, and construed in accordance with, the International Standby Practices (ISP98) International Chamber of Commerce, Publication No. 590 (1998 Revision). As to matters not governed by the Uniform Customs, this Letter of Credit shall be governed by and construed in accordance with Article 5 of the Uniform Commercial Code as in effect in the State of New York.

All payments made by us hereunder shall be made from our funds and not with the funds of any other person.



This Letter of Credit sets forth in full the terms of our undertaking, and such undertaking shall not in any way be modified or amended by reference to any other document whatsoever.

Very truly yours,

PNC BANK, NATIONAL ASSOCIATION

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



ANNEX A

(NOTICE OF MODE CHANGE DATE)

PNC BANK, NATIONAL ASSOCIATION

IRREVOCABLE DIRECT-PAY LETTER OF CREDIT NO. [\_\_\_\_\_]

PNC Bank, National Association (the “Bank”)  
[500 First Avenue, 2nd Floor  
P7-PFSC-02-T  
Pittsburgh, PA 15219  
Attn: International Trade Product Delivery  
Telephone: (800) 682-4689  
Facsimile: (412) 705-0966  
Email: pncstandbysupport@pnc.com]

Ladies and Gentlemen:

Reference is hereby made to that certain Irrevocable Direct-Pay Letter of Credit No. [\_\_\_\_\_] dated June \_\_, 2025 (as amended, restated, supplemented or otherwise modified, the “*Letter of Credit*”), which has been established by you for the account of Sacramento Municipal Utility District, in favor of the Trustee.

The undersigned hereby certifies and confirms that on [insert applicable date] (the “*Mode Change Date*”) the interest rate on all of the Bonds was converted to a rate other than the Daily Rate or the Weekly Rate and, accordingly, said Letter of Credit shall terminate on [insert applicable date] which is one (1) Business Day after such Mode Change Date in accordance with its terms. The original Letter of Credit (and any amendments thereto) is enclosed herewith for termination.

All capitalized terms used herein which are not otherwise defined shall have the same meaning as in the Letter of Credit.

IN WITNESS WHEREOF, we have executed and delivered this certificate as Trustee as of the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_, as Trustee

By: \_\_\_\_\_  
[Insert Name and Title of Authorized Officer]



ANNEX B

(NOTICE OF TERMINATION)

PNC BANK, NATIONAL ASSOCIATION

IRREVOCABLE DIRECT-PAY LETTER OF CREDIT NO. [\_\_\_\_\_]

PNC Bank, National Association (the “Bank”)  
[500 First Avenue, 2nd Floor  
P7-PFSC-02-T  
Pittsburgh, PA 15219  
Attn: International Trade Product Delivery  
Telephone: (800) 682-4689  
Facsimile: (412) 705-0966  
Email: pncstandbysupport@pnc.com]

Ladies and Gentlemen:

Reference is hereby made to that certain Irrevocable Direct-Pay Letter of Credit No. [\_\_\_\_\_] dated June \_\_, 2025 (as amended, restated, supplemented or otherwise modified, the “*Letter of Credit*”), which has been established by you for the account of Sacramento Municipal Utility District, in favor of the Trustee.

The undersigned hereby certifies and confirms that [(i) **no Bonds remain Outstanding within the meaning of the Subordinate Master Resolution and the Supplemental Resolution, (ii) all drawings required to be made under Subordinate Master Resolution and the Supplemental Resolution and available under the Letter of Credit have been made and honored, or (iii) an Alternate Liquidity Facility or Alternate Credit Enhancement (as such terms are defined in the Supplemental Resolution) has been issued to replace the Letter of Credit pursuant to the Subordinate Master Resolution and the Supplemental Resolution]** and, accordingly, the Letter of Credit shall be terminated in accordance with its terms. The original Letter of Credit (and any amendments thereto) is enclosed herewith for termination.

All capitalized terms used herein which are not otherwise defined shall have the same meaning as in the Letter of Credit.

IN WITNESS WHEREOF, we have executed and delivered this certificate as Trustee as of the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

\_\_\_\_\_, as Trustee

By: \_\_\_\_\_  
[Insert Name and Title of Authorized Officer]



ANNEX C

(INTEREST DRAWING CERTIFICATE)

PNC BANK, NATIONAL ASSOCIATION

IRREVOCABLE DIRECT-PAY LETTER OF CREDIT NO. [\_\_\_\_\_]

PNC Bank, National Association (the “Bank”)  
[500 First Avenue, 2nd Floor  
P7-PFSC-02-T  
Pittsburgh, PA 15219  
Attn: International Trade Product Delivery  
Telephone: (800) 682-4689  
Facsimile: (412) 705-0966  
Email: pncstandbysupport@pnc.com]

Ladies and Gentlemen:

The undersigned individual, a duly authorized representative of \_\_\_\_\_ (the “Beneficiary”), hereby CERTIFIES on behalf of the Beneficiary with respect to (i) that certain Irrevocable Direct-Pay Letter of Credit No. [\_\_\_\_\_] dated June \_\_, 2025 (as amended, restated, supplemented or otherwise modified, the “*Letter of Credit*”), issued by the Bank in favor of the Beneficiary; (ii) those certain Bonds (as defined in the Letter of Credit); and (iii) that certain Subordinate Master Resolution and Supplemental Resolution (each as defined in Letter of Credit) as follows:

1. The Beneficiary is the Trustee (as defined in the Letter of Credit) under the Subordinate Master Resolution and the Supplemental Resolution.
2. The Beneficiary is entitled to make this drawing in the amount of \$\_\_\_\_\_ under the Letter of Credit pursuant to Section 84.08(a) of the Supplemental Resolution with respect to the payment of interest due on all Bonds outstanding on the Interest Payment Date (as defined in the Supplemental Resolution) occurring on [insert applicable date], other than Ineligible Bonds (as defined in the Letter of Credit).
3. The amount of the drawing is equal to the amount required to be drawn by the Trustee pursuant to Section 84.08(a) of the Supplemental Resolution.
4. The amount of the drawing made by this certificate was computed in compliance with the terms of the Supplemental Resolution and, when added to the amount of any other drawing under the Letter of Credit made simultaneously herewith, does not exceed the Available Amount (as defined in the Letter of Credit).



5. Payment by the Bank pursuant to this drawing shall be made to the Trustee in accordance with the instructions set forth in the Letter of Credit.

IN WITNESS WHEREOF, we have executed and delivered this certificate as Trustee as of the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_, as Trustee

By: \_\_\_\_\_  
[Insert Name and Title of Authorized Officer]



**ANNEX D**

**(REDEMPTION DRAWING)**

**PNC BANK, NATIONAL ASSOCIATION**

**IRREVOCABLE DIRECT-PAY LETTER OF CREDIT NO. [\_\_\_\_\_]**

PNC Bank, National Association (the “*Bank*”)  
**[500 First Avenue, 2nd Floor**  
**P7-PFSC-02-T**  
**Pittsburgh, PA 15219**  
**Attn: International Trade Product Delivery**  
**Telephone: (800) 682-4689**  
**Facsimile: (412) 705-0966**  
**Email: pncstandbysupport@pnc.com]**

Ladies and Gentlemen:

**LADIES AND GENTLEMEN:**

The undersigned individual, a duly authorized representative of \_\_\_\_\_  
(the “*Beneficiary*”), hereby CERTIFIES on behalf of the Beneficiary with respect to (i) that certain Irrevocable Direct-Pay Letter of Credit No. [\_\_\_\_\_] dated June \_\_, 2025 (as amended, restated, supplemented or otherwise modified, the “*Letter of Credit*”), issued by the Bank in favor of the Beneficiary; (ii) those certain Bonds (as defined in the Letter of Credit); and (iii) that certain Subordinate Master Resolution and Supplemental Resolution (each as defined in Letter of Credit), as follows:

1. The Beneficiary is the Trustee (as defined in the Letter of Credit) under the Subordinate Master Resolution and the Supplemental Resolution.
2. The Beneficiary is entitled to make this drawing in the amount of \$\_\_\_\_\_ under the Letter of Credit pursuant to the Supplemental Resolution.
3. This drawing does not include any principal of or any accrued interest on any Ineligible Bonds (as defined in the Letter of Credit).
4. (a) The amount of this drawing is equal to (i) the principal amount of Bonds to be redeemed by SMUD (as defined in the Letter of Credit) pursuant to Section **[83.02]** **[83.05(a)]** of the Supplemental Resolution on **[insert applicable date]** (the “*Redemption Date*”) other than Ineligible Bonds, *plus* (ii) interest on such Bonds accrued from the immediately preceding Interest Payment Date (as defined in the Letter of Credit) to the Redemption Date, *provided* that in the event the Redemption Date coincides with an Interest Payment Date this drawing does not include any accrued interest on such Bonds.



(b) Of the amount stated in paragraph (2) above:

(i) \$\_\_\_\_\_ is demanded in respect of the principal amount of the Bonds referred to in subparagraph (a) above; and

(ii) \$\_\_\_\_\_ is demanded in respect of accrued interest on such Bonds.

5. Payment by the Bank pursuant to this drawing shall be made to the Trustee in accordance with the instructions set forth in the Letter of Credit.

6. The amount of the drawing made by this certificate was computed in compliance with the terms and conditions of the Subordinate Master Resolution and the Supplemental Resolution and, when added to the amount of any other drawing under the Letter of Credit made simultaneously herewith, does not exceed the Available Amount (as defined in the Letter of Credit).

7. Upon payment of the amount drawn hereunder, the Bank is hereby directed to permanently reduce the Available Amount by \$[*insert amount of reduction*] and the Available Amount shall thereupon equal \$[*insert new Available Amount*]. The Available Amount has been reduced by an amount equal to the principal of Bonds paid with this drawing and an amount equal to accrued interest on the Bonds for a period of [\_\_\_\_ (\_\_\_\_)] days, computed as though the Bonds bore interest at the rate of 12% per annum, based on a year of 365 days and the actual number of days elapsed.

8. Of the amount of the reduction stated in paragraph (7) above:

(i) \$\_\_\_\_\_ is attributable to the principal amount of Bonds redeemed; and

(ii) \$\_\_\_\_\_ is attributable to interest on such Bonds (*i.e.*, [\_\_\_\_ (\_\_\_\_)] days' interest thereon at the rate of 12% per annum based on a year of 365 days and the actual number of days elapsed).

9. The amount of the reduction in the Available Amount has been computed in accordance with the provisions of the Letter of Credit.

10. Following the reduction, the Available Amount shall be at least equal to the aggregate principal amount of the Bonds outstanding (to the extent such Bonds are not Ineligible Bonds) *plus* [\_\_\_\_ (\_\_\_\_)] days' interest thereon at the rate of 12% per annum based on a year of 365 days and the actual number of days elapsed.

11. In the case of a redemption pursuant to Section 83.02 of the Supplemental Resolution, the Trustee, prior to giving notice of redemption to the owners of the Bonds, received written evidence from the Bank that the Bank has consented to such redemption.



IN WITNESS WHEREOF, we have executed and delivered this certificate as Trustee as of the  
\_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_, as Trustee

By: \_\_\_\_\_  
[Insert Name and Title of Authorized Officer]



ANNEX E

(LIQUIDITY DRAWING CERTIFICATE)

PNC BANK, NATIONAL ASSOCIATION

IRREVOCABLE DIRECT-PAY LETTER OF CREDIT NO. [\_\_\_\_\_]

PNC Bank, National Association (the “Bank”)  
[500 First Avenue, 2nd Floor  
P7-PFSC-02-T  
Pittsburgh, PA 15219  
Attn: International Trade Product Delivery  
Telephone: (800) 682-4689  
Facsimile: (412) 705-0966  
Email: pncstandbysupport@pnc.com]

Ladies and Gentlemen:

The undersigned individual, a duly authorized representative of \_\_\_\_\_ (the “Beneficiary”) hereby CERTIFIES with respect to (i) that Irrevocable Direct-Pay Letter of Credit No. [\_\_\_\_\_] dated June \_\_, 2025 (as amended, restated, supplemented or otherwise modified, the “*Letter of Credit*”), issued by the Bank in favor of the Beneficiary; (ii) those certain Bonds (as defined in the Letter of Credit); and (iii) that certain Subordinate Master Resolution and Supplemental Resolution (each as defined in the Letter of Credit) as follows:

1. The Beneficiary is the Trustee (as defined in the Letter of Credit) under the Subordinate Master Resolution and the Supplemental Resolution.

2. The Beneficiary is entitled to make this drawing under the Letter of Credit in the amount of \$\_\_\_\_\_ with respect to the payment of the purchase price of Bonds tendered for purchase in accordance with Section [84.01] [84.02] of the Supplemental Resolution and to be purchased on [*insert applicable date*] (the “*Purchase Date*”) which Bonds have not been remarketed as provided in the Supplemental Resolution or the purchase price of which has not been received by the Trustee by 12:00 noon, New York time, on said Purchase Date.

3. (a) The amount of the drawing is equal to (i) the principal amount of Bonds to be purchased pursuant to the Supplemental Resolution on the Purchase Date other than Ineligible Bonds (as defined in the Letter of Credit), *plus* (ii) interest on such Bonds accrued from the immediately preceding Interest Payment Date (as defined in the Supplemental Resolution) to the Purchase Date, *provided* that in the event the Purchase Date coincides with an Interest Payment Date this drawing does not include any accrued interest on such Bonds.



(b) Of the amount stated in paragraph (2) above:

(i) \$\_\_\_\_\_ is demanded in respect of the principal portion of the purchase price of the Bonds referred to in paragraph (2) above; and

(ii) \$\_\_\_\_\_ is demanded in respect of payment of the interest portion of the purchase price of such Bonds.

4. The amount of the drawing made by this certificate was computed in compliance with the terms and conditions of the Subordinate Master Resolution and the Supplemental Resolution and, when added to the amount of any other drawing under the Letter of Credit made simultaneously herewith, does not exceed the Available Amount (as defined in the Letter of Credit).

5. The Beneficiary will register or cause to be registered in the name of the Bank, upon payment of the amount drawn hereunder, Bonds in the principal amount of the Bonds being purchased with the amounts drawn hereunder and will deliver such Bonds to the Trustee in accordance with the Subordinate Bond Resolution and the Supplemental Resolution.

6. Payment by the Bank pursuant to this drawing shall be made to the Trustee in accordance with the instructions set forth in the Letter of Credit.

7. Upon honoring the drawing requested hereby, we will deliver to the Bank the original Letter of Credit (and any amendments thereto) for termination.

IN WITNESS WHEREOF, we have executed and delivered this certificate as Trustee as of the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_, as Trustee

By: \_\_\_\_\_  
[Insert Name and Title of Authorized Officer]



ANNEX F

(STATED MATURITY DRAWING CERTIFICATE)

PNC BANK, NATIONAL ASSOCIATION

IRREVOCABLE DIRECT-PAY LETTER OF CREDIT NO. [\_\_\_\_\_]

PNC Bank, National Association (the “Bank”)  
[500 First Avenue, 2nd Floor  
P7-PFSC-02-T  
Pittsburgh, PA 15219  
Attn: International Trade Product Delivery  
Telephone: (800) 682-4689  
Facsimile: (412) 705-0966  
Email: pncstandbysupport@pnc.com]

Ladies and Gentlemen:

The undersigned individual, a duly authorized representative of \_\_\_\_\_ (the “Beneficiary”), hereby CERTIFIES on behalf of the Beneficiary with respect to (i) that certain Irrevocable Direct-Pay Letter of Credit No. [\_\_\_\_\_] dated June \_\_, 2025 (as amended, restated, supplemented or otherwise modified, the “*Letter of Credit*”), issued by the Bank in favor of the Beneficiary; (ii) those certain Bonds (as defined in the Letter of Credit); and (iii) that certain Subordinate Bond Resolution and Supplemental Resolution (each as defined in the Letter of Credit) as follows:

1. The Beneficiary is the Trustee (as defined in the Letter of Credit) under the Subordinate Bond Resolution and the Supplemental Resolution.

2. The Beneficiary is entitled to make this drawing in the amount of \$ \_\_\_\_\_ under the Letter of Credit pursuant to the Supplemental Resolution.

3. This drawing does not include any principal of or any accrued interest on any Ineligible Bonds (as defined in the Letter of Credit).

4. (a) The amount of this drawing is equal to the principal amount of Bonds outstanding on August 15, 2041, the maturity date thereof as specified therein, other than Ineligible Bonds.

(b) Of the amount stated in paragraph (2) above:

(i) \$ \_\_\_\_\_ is demanded in respect of the principal of the Bonds referred to in paragraph (2) above; and



(ii) \$\_\_\_\_\_ is demanded in respect of payment of the interest on such Bonds.

5. The amount of this drawing made by this certificate was computed in compliance with the terms and conditions of the Subordinate Bond Resolution and the Supplemental Resolution and, when added to the amount of any other drawing under the Letter of Credit made simultaneously herewith, does not exceed the Available Amount (as defined in the Letter of Credit).

6. Payment by the Bank pursuant to this drawing shall be made to the Trustee in accordance with the instructions set forth in the Letter of Credit.

7. Upon honoring the drawing requested hereby, we will deliver to the Bank the Original Letter of Credit (and any amendments thereto) for termination.

IN WITNESS WHEREOF, we have executed and delivered this certificate as Trustee as of the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_, as Trustee

By: \_\_\_\_\_  
[Insert Name and Title of Authorized Officer]



**ANNEX G**  
**(REDUCTION CERTIFICATE)**

**PNC BANK, NATIONAL ASSOCIATION**

**IRREVOCABLE DIRECT-PAY LETTER OF CREDIT NO. [\_\_\_\_\_]**

PNC Bank, National Association (the “Bank”)  
**[500 First Avenue, 2nd Floor**  
**P7-PFSC-02-T**  
**Pittsburgh, PA 15219**  
**Attn: International Trade Product Delivery**  
**Telephone: (800) 682-4689**  
**Facsimile: (412) 705-0966**  
**Email: pncstandbysupport@pnc.com]**

Ladies and Gentlemen:

The undersigned individual, a duly authorized representative of \_\_\_\_\_ (the “*Beneficiary*”), hereby CERTIFIES on behalf of the Beneficiary with respect to (i) that certain Irrevocable Direct-Pay Letter of Credit No. [\_\_\_\_\_] dated June \_\_, 2025 (as amended, restated, supplemented or otherwise modified, the “*Letter of Credit*”), issued by the Bank in favor of the Beneficiary; (ii) those certain Bonds (as defined in the Letter of Credit); and (iii) those certain Subordinate Bond Resolution and the Supplemental Resolution (each as defined in the Letter of Credit) as follows:

1. The Beneficiary is the Trustee (as defined in the Letter of Credit) under the Subordinate Bond Resolution and the Supplemental Resolution.
2. Upon receipt by the Bank of this certificate, the Available Amount (as defined in the Letter of Credit) shall be reduced by \$\_\_\_\_\_, and the Available Amount shall thereupon equal \$\_\_\_\_\_. \$\_\_\_\_\_ of the new Available Amount is attributable to principal and \$\_\_\_\_\_ of the new Available Amount is attributable to interest.
3. The amount of the reduction in the Available Amount has been computed in accordance with the provisions of the Letter of Credit.
4. Following the reduction, the Available Amount shall be at least equal to the aggregate principal amount of the Bonds outstanding (other than Ineligible Bonds (as defined in the Letter of Credit)) *plus* [\_\_\_\_ ( )] days’ interest thereon at the rate of 12% per annum based on a year of 365 days and the actual number of days elapsed.



IN WITNESS WHEREOF, we have executed and delivered this certificate as Trustee as of the  
\_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_, as Trustee

By: \_\_\_\_\_  
[Insert Name and Title of Authorized Officer]



ANNEX H

(NOTICE OF EXTENSION)

PNC BANK, NATIONAL ASSOCIATION

IRREVOCABLE DIRECT-PAY LETTER OF CREDIT NO. [\_\_\_\_\_]

AMENDMENT NO. \_\_\_\_\_

Beneficiary:

\_\_\_\_\_, as Trustee  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Ladies and Gentlemen:

Reference is hereby made to that certain Irrevocable Direct-Pay Letter of Credit No. [\_\_\_\_\_] dated June \_\_, 2025 (as amended, restated, supplemented or otherwise modified, the "*Letter of Credit*"), established by us in your favor as Beneficiary. We hereby notify you that, in accordance with the terms of the Letter of Credit and that certain Reimbursement Agreement dated as of June 1, 2025, between Sacramento Municipal Utility District and us, the Stated Expiration Date (as defined in the Letter of Credit) has been extended to \_\_\_\_\_, \_\_\_\_\_.

Except as set forth in this letter, all terms and conditions of the Letter of Credit remain unchanged.

This letter should be attached to the Letter of Credit and made a part thereof.

PNC BANK, NATIONAL ASSOCIATION

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



**ANNEX I**  
**(TRANSFER CERTIFICATE)**

**PNC BANK, NATIONAL ASSOCIATION**

**IRREVOCABLE DIRECT-PAY LETTER OF CREDIT NO. [\_\_\_\_\_]**

PNC Bank, National Association (the “Bank”)  
**[500 First Avenue, 2nd Floor**  
**P7-PFSC-02-T**  
**Pittsburgh, PA 15219**  
**Attn: International Trade Product Delivery**  
**Telephone: (800) 682-4689**  
**Facsimile: (412) 705-0966**  
**Email: pncstandbysupport@pnc.com]**

Ladies and Gentlemen:

We, the undersigned “Transferor”, hereby irrevocably transfer all of our rights to draw under the above referenced Letter of Credit (“*Letter of Credit*”) in its entirety to:

NAME OF TRANSFEREE \_\_\_\_\_  
(Print Name and complete address of the  
Transferee) “Transferee”

ADDRESS OF TRANSFEREE \_\_\_\_\_

CITY, STATE/COUNTRY, ZIP \_\_\_\_\_

In accordance with ISP 98 (as defined in the Letter of Credit), Rule 6, regarding transfer of drawing rights, all rights of the undersigned Transferor in such Letter of Credit are transferred to the Transferee, which shall have the sole rights as beneficiary thereof, including sole rights relating to any amendments, whether increases or extensions or other amendments and whether now existing or hereafter made. All amendments are to be advised directly to the Transferee without necessity of any consent of or notice to the undersigned Transferor.

The original Letter of Credit, including amendments to this date, is attached, and the undersigned Transferor requests that you endorse an acknowledgment of this transfer on the reverse hereof. The undersigned Transferor requests that you notify the Transferee of the Letter of Credit in such form and manner as you deem appropriate and of the terms and conditions of the Letter of Credit as transferred. The undersigned Transferor acknowledges that you incur no obligation hereunder and that the transfer shall not be effective until you have expressly consented to effect the transfer by notice to the Transferee and the transfer fee has been paid to you.

If you agree to these instructions, please advise the Transferee of the terms and conditions of the transferred Letter of Credit and these instructions.

Transferor represents and warrants that (i) our execution, delivery, and performance of this Transfer Certificate (a) are within our powers, (b) have been duly authorized, (c) constitute our



legal, valid, binding and enforceable obligation, (d) do not contravene any charter provision, by-law, resolution, contract, or other undertaking binding on or affecting us or any of our properties, (e) do not require any notice, filing or other action to, with, or by any governmental authority, (f) the enclosed Letter of Credit is original and complete, (g) there is no outstanding demand or request for payment or transfer under the Letter of Credit affecting the rights to be transferred, (h) the Transferee's name and address are correct and complete and the Transferee's use of the Letter of Credit as transferred and the transactions underlying the Letter of Credit and the requested transfer do not violate any applicable United States or other law, rule or regulation.

The Effective Date shall be the date hereafter on which you effect the requested transfer by acknowledging this request and giving notice thereof to Transferee.

WE WAIVE ANY RIGHT TO TRIAL BY JURY THAT WE MAY HAVE IN ANY ACTION OR PROCEEDING RELATING TO OR ARISING OUT OF THIS TRANSFER.

[Signature pages follow]



This transfer is made subject to ISP98 and is subject to and shall be governed by the law of the State of New York.

Sincerely yours,

SIGNATURE GUARANTEED

\_\_\_\_\_  
(Print Name of Transferor)

Signature(s) with title(s) conform(s) with that/those on file with us for this individual, entity or company and signer(s) is/are authorized to execute this agreement. We attest that the individual, company or entity has been identified by us in compliance with USA PATRIOT Act procedures of our bank.

\_\_\_\_\_  
(Transferor's Authorized Signature)

\_\_\_\_\_  
(Print Name of Bank)

\_\_\_\_\_  
(Print Authorized Signers Name and Title)

\_\_\_\_\_  
(Address of Bank)

\_\_\_\_\_  
(Telephone Number/Fax Number)

\_\_\_\_\_  
(City, State, Zip Code)

\_\_\_\_\_  
(Print Name and Title of Authorized Signer)

\_\_\_\_\_  
(Authorized Signature)

\_\_\_\_\_  
(Telephone Number)

\_\_\_\_\_  
(Date)

SIGNATURE GUARANTEED

\_\_\_\_\_  
(Print Name of Transferee)

Signature(s) with title(s) conform(s) with that/those on file with us for this individual, entity or company and signer(s) is/are authorized to execute this agreement. We attest that the individual, company or entity has

\_\_\_\_\_  
(Transferee's Authorized Signature)



been identified by us in compliance with USA  
PATRIOT Act procedures of our bank.

\_\_\_\_\_  
(Print Authorized Signers Name and Title)

\_\_\_\_\_  
(Print Name of Bank)

\_\_\_\_\_  
(Telephone Number/Fax Number)

\_\_\_\_\_  
(Address of Bank)

\_\_\_\_\_  
(City, State, Zip Code)

\_\_\_\_\_  
(Print Name and Title of Authorized Signer)

\_\_\_\_\_  
(Authorized Signature)

\_\_\_\_\_  
(Telephone Number)

\_\_\_\_\_  
(Date)

Acknowledge as of \_\_\_\_\_, 20\_\_

PNC Bank, National Association

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_



**ANNEX J**  
**(NOTICE OF REINSTATEMENT)**

**PNC BANK, NATIONAL ASSOCIATION**

**IRREVOCABLE DIRECT-PAY LETTER OF CREDIT NO. [\_\_\_\_\_]**

PNC Bank, National Association (the “Bank”)  
**[500 First Avenue, 2nd Floor**  
**P7-PFSC-02-T**  
**Pittsburgh, PA 15219**  
**Attn: International Trade Product Delivery**  
**Telephone: (800) 682-4689**  
**Facsimile: (412) 705-0966**  
**Email: pncstandbysupport@pnc.com]**

Ladies and Gentlemen:

The undersigned individual, a duly authorized representative of \_\_\_\_\_ (the “Beneficiary”), hereby CERTIFIES on behalf of the Beneficiary with respect to that certain Irrevocable Direct-Pay Letter of Credit No. [\_\_\_\_\_] dated June \_\_, 2025 (as amended, restated, supplemented or otherwise modified, the “Letter of Credit”), issued by the Bank in favor of the Beneficiary as follows:

1. The Beneficiary is the Trustee (as defined in the Letter of Credit) under the Subordinate Bond Resolution and the Supplemental Resolution (as defined in the Reimbursement Agreement dated as of June 1, 2025, between Sacramento Municipal Utility District and the Bank (as amended, restated, supplemented or otherwise modified, the “Reimbursement Agreement”)).

2. [Name of Remarketing Agent] is a Remarketing Agent (as defined in the Reimbursement Agreement) and has notified the Beneficiary that on this date it has remarketed Bank Bonds (as defined in the Reimbursement Agreement) in the principal amount of \$\_\_\_\_\_ to new purchaser(s), and such new purchaser(s) has/have made deposits with the Beneficiary in immediately available funds in the same principal amounts this date.

3. The Beneficiary hereby requests the immediate reinstatement of the Letter of Credit in an amount equal to the principal of Bank Bonds remarketed and an amount equal to accrued interest on such Bank Bonds for a period of [\_\_ (\_\_)] days, computed as though the Bank Bonds bore interest at the rate of 12% per annum, based on a year of 365 days and the actual number of days elapsed.



4. Immediately following the transmission of this certificate, the Beneficiary shall transfer or cause the transfer of the amount of \$\_\_\_\_\_ by wire transfer to the Bank in accordance with the wire transfer instructions previously filed by the Bank with the Beneficiary. \$\_\_\_\_\_ of such amount represents the aggregate principal amount of the remarketed Bank Bonds and \$\_\_\_\_\_ represents accrued and unpaid interest on the remarketed Bank Bonds.

5. No payment is demanded of the Bank in connection with this certificate.

IN WITNESS WHEREOF, we have executed and delivered this certificate as Trustee as of the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_, as Trustee

By: \_\_\_\_\_  
[Insert Name and Title of Authorized  
Officer]



**ANNEX K**

**FORM OF SIGHT DRAFT**

**PNC BANK, NATIONAL ASSOCIATION**

**IRREVOCABLE DIRECT-PAY LETTER OF CREDIT NO. [\_\_\_\_\_]**

PNC Bank, National Association (the "*Bank*")  
**[500 First Avenue, 2nd Floor**  
**P7-PFSC-02-T**  
**Pittsburgh, PA 15219**  
**Attn: International Trade Product Delivery**  
**Telephone: (800) 682-4689**  
**Facsimile: (412) 705-0966**  
**Email: [pncstandbysupport@pnc.com](mailto:pncstandbysupport@pnc.com)]**

This sight draft is presented to you on \_\_\_\_\_, \_\_\_\_\_, for the amount of  
\$ \_\_\_\_\_ for the purposes set forth in the accompanying Certificate.

\_\_\_\_\_,  
as Trustee

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



**ANNEX L**

**DEFAULT NOTICE**

**PNC BANK, NATIONAL ASSOCIATION**

**IRREVOCABLE DIRECT-PAY LETTER OF CREDIT NO. [\_\_\_\_\_] [DATE]**

\_\_\_\_\_, as Trustee

\_\_\_\_\_

Attention: \_\_\_\_\_

Ladies and Gentlemen:

Reference is hereby made to that certain Irrevocable Direct-Pay Letter of Credit No. [\_\_\_\_\_] dated June \_\_, 2025 (as amended, restated, supplemented or otherwise modified, the “*Letter of Credit*”; any capitalized term used herein and not defined shall have its respective meaning as set forth in the Letter of Credit), established by us in your favor as Beneficiary.

*Select one or both: check both paragraphs for Notice of Non-Reinstatement and check second paragraph only for Event of Default Notice not involving a Notice of Non-Reinstatement.*

☐ *Notice of Non-Reinstatement:* [We hereby notify you that, in accordance with the terms of the Letter of Credit, following the date an Interest Drawing under the Letter of Credit is honored, the amount so drawn shall *not* be reinstated because an [we have not been reimbursed in full for such Interest Drawing][Event of Default has occurred under the Reimbursement Agreement] and we hereby direct you to cause the mandatory tender of the Bonds and the Letter of Credit shall automatically terminate on the date which is ten (10) calendar days after the date of receipt by the Trustee of this notice.]

☐ *Event of Default Notice:* We hereby notify you that, in accordance with the terms of the Letter of Credit, an Event of Default has occurred under the Reimbursement Agreement and we hereby direct you to cause a mandatory tender of the Bonds, and the Letter of Credit shall



automatically terminate on the date which is ten (10) calendar days after the date of receipt by the Trustee of this notice.

PNC BANK, NATIONAL ASSOCIATION

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



ANNEX M

(ACCELERATION DRAWING CERTIFICATE)

PNC BANK, NATIONAL ASSOCIATION

IRREVOCABLE DIRECT-PAY LETTER OF CREDIT NO. [\_\_\_\_\_]

PNC Bank, National Association (the “Bank”)  
[500 First Avenue, 2nd Floor  
P7-PFSC-02-T  
Pittsburgh, PA 15219  
Attn: International Trade Product Delivery  
Telephone: (800) 682-4689  
Facsimile: (412) 705-0966  
Email: pncstandbysupport@pnc.com]

Ladies and Gentlemen:

The undersigned individual, a duly authorized representative of \_\_\_\_\_ (the “Beneficiary”) hereby CERTIFIES on behalf of the Beneficiary with respect to (i) that certain Irrevocable Direct-Pay Letter of Credit No. [\_\_\_\_\_] dated June \_\_, 2025 (as amended, restated, supplemented or otherwise modified, the “*Letter of Credit*”), issued by the Bank in favor of the Beneficiary; (ii) those certain Bonds (as defined in the Letter of Credit); and (iii) those certain Subordinate Bond Resolution and Supplemental Resolution (each as defined in the Letter of Credit):

1. The Beneficiary is the Trustee (as defined in the Letter of Credit) under the Subordinate Bond Resolution and Supplemental Resolution.

2. The Beneficiary is entitled to make this drawing in the amount of \$\_\_\_\_\_ under the Letter of Credit pursuant to the Subordinate Bond Resolution and Supplemental Resolution.

3. The drawing does not include any principal of or any accrued interest on any Ineligible Bonds (as defined in the Letter of Credit).

4. An Event of Default has occurred under subsection [insert subsection] of Section 9.01 of the Subordinate Bond Resolution and the Trustee has declared the principal of and accrued interest on all Bonds then outstanding immediately due and payable.

5. (a) The amount of this drawing is equal to (i) the principal amount of Bonds outstanding on [insert date of acceleration] (the “*Acceleration Date*”) other than Ineligible Bonds, plus (ii) interest on such Bonds accrued from the immediately preceding Interest Payment Date (as defined in the Supplemental Resolution) to the Acceleration Date.



(b) Of the amount stated in paragraph 2 above:

(i) \$\_\_\_\_\_ is demanded in respect of the principal portion of the Bonds referred to in subparagraph (a) above; and

(ii) \$\_\_\_\_\_ is demanded in respect of accrued interest on such Bonds.

6. The amount of this drawing made by this Certificate was computed in compliance with the terms and conditions of the Subordinate Bond Resolution and Supplemental Resolution and, when added to the amount of any drawing under the Letter of Credit made simultaneously herewith, does not exceed the Available Amount (as defined in the Letter of Credit).

7. Payment by the Bank pursuant to this drawing shall be made to the Trustee in accordance with the instructions set forth in the Letter of Credit.

8. Upon honoring the drawing requested hereby, we will deliver to the Bank the original Letter of Credit (and any amendments thereto) for termination.

IN WITNESS WHEREOF, this Certificate has been executed this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_, as Trustee

By \_\_\_\_\_  
[Insert Name and Title of Authorized Officer]



## EXHIBIT B

### FORM OF CUSTODIAN AGREEMENT

This CUSTODIAN AGREEMENT, dated as of June 1, 2025 (as amended, restated, supplemented or otherwise modified from time to time, this “*Agreement*”), is made among SACRAMENTO MUNICIPAL UTILITY DISTRICT, a municipal utility district of the State of California (“*SMUD*”), PNC BANK, NATIONAL ASSOCIATION, as bank (the “*Bank*”), and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as bond trustee (the “*Trustee*”) under the Supplemental Resolution and Subordinate Master Resolution (defined below) and as custody agent (as defined below) hereunder.

(1) SMUD and the Bank are parties to that certain Reimbursement Agreement dated as of June 1, 2025 (as amended, restated, supplemented or otherwise modified from time to time, the “*Reimbursement Agreement*”).

(2) Pursuant to the terms and conditions set forth in the Reimbursement Agreement, the Bank has agreed to issue its Letter of Credit (as defined in the Reimbursement Agreement), for the account of SMUD in support of SMUD’s Subordinated Electric Revenue Refunding Bonds, 2023 Series C (the “*Bonds*”) executed and delivered pursuant to the Resolution No. 23-05-07 Fourteenth Supplemental Resolution Authorizing the Issuance of Subordinated Electric Revenue Refunding Bonds, 2023 Series C (as amended, supplemented, modified or restated in accordance with the terms hereof and thereof, the “*Supplemental Resolution*”) adopted by the Board of Directors of SMUD, on May 18, 2023, supplementing the Resolution No. 85-11-1 of SMUD, duly adopted at a meeting of SMUD on November 7, 1985, as amended and restated by Resolution No. 01-06-10 of SMUD, duly adopted at a meeting of SMUD on June 21, 2001 (the “*Subordinate Master Resolution*”). All other terms used herein which are defined in the Reimbursement Agreement and not defined herein shall have the same meanings assigned to them in the Reimbursement Agreement, unless the context otherwise requires.

(3) Pursuant to the terms and conditions set forth in the Reimbursement Agreement, in the event that the Letter of Credit is drawn upon to pay the purchase price of Bonds tendered in accordance with the Supplemental Resolution, such Bonds will be delivered to, owned by and registered in the name of the Bank (the “*Bank Bonds*”), until such time as the Bank Bonds are remarketed or cancelled, the Bank is reimbursed for all amounts due under the Reimbursement Agreement and the Letter of Credit is reinstated in accordance with its terms.

(4) The Bank hereby wishes to direct the Trustee, while the Bonds are held in book-entry form, to make certain direct registration electronic book-entries upon the purchase of Bonds by the Bank under the Letter of Credit and upon their subsequent remarketing, on the terms and under the conditions set forth in this Agreement, and the Trustee is willing to do so.

(5) The Bank hereby wishes to appoint the Trustee as its agent to take possession of and hold the Bank Bonds on behalf of and for the benefit of the Bank, on the terms and under the conditions set forth in this Agreement, and the Trustee is willing to do so.



NOW, THEREFORE, in consideration of the mutual covenants recited herein, and for other good and valuable consideration, the receipt of which is hereby acknowledged, it is hereby agreed as follows:

1. So long as the Bonds are issued in book-entry form and held by the Trustee as custodian of the Depository Trust Company and any successor thereto ("*DTC*") as part of DTC's fast automated transfer program ("*FAST Eligible Bonds*"), concurrently with the Trustee's receipt of the purchase price for each purchase of Bonds by the Bank under the Letter of Credit, the Trustee, as a participant of DTC (or any other successor securities depository) or an eligible transfer agent, shall make a direct registration electronic book-entry (A) crediting the DTC account designated by the Bank as its account in which to hold Bank Bonds purchased by it (the "*Bank Book-Entry Account*") by the principal amount of the Bonds purchased under the Letter of Credit by the Bank using the Bank Bond CUSIP Number for such Bonds set forth below; and (B) debiting the book-entry account of DTC for the Bonds (thereby reducing the principal balance of the global certificate representing the Bonds) (the "*DTC Book-Entry Account*") by the principal amount of the Bonds purchased under the Letter of Credit by the Bank. The CUSIP number for the Bonds that are Bank Bonds is 786005J25. So long as the Bonds are FAST Eligible Bonds, upon a remarketing of Bank Bonds in accordance with the terms of the Reimbursement Agreement, the Trustee's receipt from the Remarketing Agent of the remarketing proceeds and/or SMUD of the amounts set forth in Section 2.4 of the Reimbursement Agreement and the reinstatement of the Letter of Credit in accordance with its terms, the Trustee, as a participant of DTC (or any other successor securities depository) or an eligible transfer agent, shall, if the Trustee has previously credited the Bank Book-Entry Account as described in clause (A) of the first sentence of this paragraph, make a direct registration electronic book-entry in its records (X) debiting the Bank Book-Entry Account of the Bank by the principal amount of the Bonds so remarketed; and (Y) crediting the DTC Book-Entry Account for such Bonds (thereby increasing the principal balance of the global certificate representing such Bonds) by the principal amount of the Bonds so remarketed. The Trustee acknowledges that it is familiar with the procedures and requirements set forth in a notice from The Depository Trust Company, dated April 4, 2008, respecting "Variable Rate Demand Obligations ("*VRDO*") Failed Remarketings and Issuance of Bank Bonds", as amended by DTC Notice number B34488-08, dated May 15, 2008, and agrees that, with respect to any and all Bank Bonds, it will follow the procedures and requirements set forth in such notice, as the same may be amended, modified or supplemented from time to time. To the extent that, following any amendment, modification or supplement of such notice, the procedures and requirements therein should become inconsistent with any aspect of the provisions of this paragraph, the Trustee, SMUD and the Bank shall promptly negotiate in good faith and agree upon amendments of this paragraph so as to eliminate such inconsistency. All costs and expenses related to activities taken pursuant to this Section or otherwise to register Bank Bonds or transfer legal or beneficial interests therein shall be borne by SMUD.

2. If the Bonds are no longer FAST Eligible Bonds, concurrently with the receipt of the purchase price for each purchase of Bonds by the Bank under the Letter of Credit, the Trustee shall cause each Bank Bond to be registered in the name of the Bank and shall be held by the Trustee as the agent, bailee and custodian (in such capacity, the "*Custody Agent*") of the Bank for the exclusive benefit of the Bank. The Custody Agent acknowledges and agrees that it is acting and will act with respect to Bank Bonds at the direction of the Bank for the exclusive benefit of the



Bank and is not and shall not at any time be subject in any manner or to any extent to the direction or control of SMUD or any other Person with respect to the Bonds. The Custody Agent agrees to act in strict accordance with the Reimbursement Agreement and this Agreement and in accordance with any lawful written instructions delivered to the Custody Agent from time to time pursuant hereto by the Bank. Under no circumstances shall the Custody Agent deliver possession of the Bonds to, or cause Bonds to be registered in the name of, SMUD, the Remarketing Agent or any Person other than the Bank except in accordance with the express terms of this Agreement or otherwise upon the written instructions of the Bank. If, while the Reimbursement Agreement is in effect, the Custody Agent shall become entitled to receive or shall receive any payment in respect of any Bank Bonds held for the Bank, the Custody Agent agrees to accept the same as the Bank's agent and to hold the same in trust on behalf of the Bank and to deliver the same forthwith to the Bank's Payment Office. Upon the remarketing of any Bank Bonds, the Trustee's receipt from the Remarketing Agent of the remarketing proceeds and/or SMUD of the amounts set forth in Section 2.01 of the Reimbursement Agreement and the reinstatement of the Letter of Credit in accordance with its terms, the Custody Agent shall release Bank Bonds in a principal amount equal to the principal amount so remarketed to the Remarketing Agent for such Bonds or SMUD, as the case may be, in accordance with the terms of the Subordinate Master Resolution and the Supplemental Resolution. The Custody Agent may rely and shall be protected in acting upon any document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Custody Agent shall not be liable for any error in judgment made in good faith by its responsible officers, employees and agents unless the Custody Agent, its responsible officers, employees or agents were negligent or engaged in willful misconduct. Anything herein to the contrary notwithstanding, the Custody Agent shall have no liability hereunder for any act or omission except as shall result from its negligence or willful misconduct. Except as provided above, without the prior written consent of the Bank, the Custody Agent agrees that it will not sell, assign, transfer, exchange or otherwise dispose of, or grant any option with respect to, Bank Bonds, and will not create, incur or permit to exist any pledge, lien, mortgage, hypothecation, security interest, charge, option or any other encumbrance or take any other action with respect to the Bank Bonds, or any interest therein, or any proceeds thereof. The Custody Agent shall deliver to the Bank at the Bank's request such information as may be in the possession of the Custody Agent with respect to such Bank Bonds. If the Custody Agent is holding Bank Bonds, the Custody Agent, at its own expense, shall maintain and keep in full force and effect: fidelity insurance; theft of documents insurance; forgery insurance; and errors and omissions insurance (which may be maintained by self-insurance). All such insurance shall be in amounts, with standard coverage and subject to deductibles that are customary for insurance typically maintained by a bank or other financial institution acting as custodian. The Trustee shall not enter into any other agreement regarding possession of the Bank Bonds without the prior written consent of the Bank. SMUD and the Bank hereby agree that the Bank Bonds shall be held as additional security for the payment and performance of SMUD's obligations under the Reimbursement Agreement, and should it be determined that SMUD has any right, title or interest in or to any Bank Bond, and SMUD hereby assigns to the Bank any and all of its right, title and interest in and to the Bank Bonds and the proceeds thereof as security for its obligations under the Reimbursement Agreement.

3. This Agreement cannot be amended or modified except in a writing signed by the Custody Agent and the Bank.



4. This Agreement shall inure to the benefit of and shall be binding upon the Custody Agent and the Bank, and their respective successors and assigns.

5. Beyond its duties as to the custody of the Bank Bonds expressly provided herein, the Custody Agent shall not have any duty to the Bank as to any Bank Bonds in the Custody Agent's possession or control, or in the possession or control of any of the Custody Agent's agents or nominees, or as to any income thereon or as to the preservation of rights against prior parties or any other rights pertaining thereto. In performing its duties under this Agreement, the Custody Agent shall not be liable to the Bank except for gross negligence or willful misconduct in the performance of its obligations hereunder.

6. SMUD shall indemnify and hold harmless the Custody Agent against any and all liability arising out of the Custody Agent's performance of its obligations hereunder, except due to negligence or willful misconduct of the Custody Agent.

7. The Custody Agent agrees to maintain and act under this Agreement without charge to the Bank, so long as it acts as Trustee with respect to the Bonds.

8. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York; *provided that* the duties and obligations of SMUD under this Agreement shall be governed by the laws of the State of California.

9. It shall not be necessary that all parties execute and deliver the same counterpart of this Agreement. This Agreement shall therefore become effective when each party has executed a counterpart hereof and delivered the same to the other parties. All such counterparts, collectively, shall be deemed a single agreement.

10. The Bank acknowledges that the Custody Agent is acting as Trustee under the Subordinate Master Resolution and the Supplemental Resolution for the holders of the Bonds. The Bank agrees that nothing contained in this Agreement shall be construed to require the Custody Agent to do any act or omit to do any act contrary to the duties of the Trustee under the Subordinate Master Resolution and the Supplemental Resolution for the holders of the Bonds.

11. The Custody Agent shall be afforded the same rights and protections hereunder as accorded to it in its role as Trustee under the Subordinate Master Resolution and the Supplemental Resolution for the holders of the Bonds.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK; SIGNATURE PAGES FOLLOW]



IN WITNESS WHEREOF, the parties hereto have hereunto set their hands by their authorized representatives, all as of the date above first written.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

PNC BANK, NATIONAL ASSOCIATION

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

U.S. BANK TRUST COMPANY, NATIONAL  
ASSOCIATION

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



**FEE AGREEMENT**  
**Dated June [\_\_\_], 2025**

This FEE AGREEMENT dated June [\_\_\_], 2025 (as amended, restated, supplemented or otherwise modified from time to time, this “*Fee Agreement*”), is entered into between PNC BANK, NATIONAL ASSOCIATION (with its successors and assigns, the “*Bank*”), and the SACRAMENTO MUNICIPAL UTILITY DISTRICT, a municipal utility district of the State of California (“*SMUD*”). Reference is hereby made to (i) the Reimbursement Agreement dated as of June 1, 2025 (as amended, restated, supplemented or otherwise modified from time to time in accordance with the terms thereof, the “*Agreement*”), between SMUD and the Bank, relating to the Sacramento Municipal Utility District Subordinated Electric Revenue Refunding Bonds, 2023 Series C (the “*Bonds*”) and (ii) the Irrevocable Direct-Pay Letter of Credit dated June [\_\_\_], 2025, issued by the Bank pursuant to the Agreement, supporting the Bonds (as amended, restated, supplemented or otherwise modified from time to time in accordance with the terms thereof, the “*Letter of Credit*”). Capitalized terms not otherwise defined herein shall have the meanings set forth in the Agreement or the Letter of Credit, as applicable.

The purpose of this Fee Agreement is to confirm the agreement between the Bank and SMUD with respect to, among other things, the Letter of Credit Fees (as defined below) and certain other fees payable by SMUD to the Bank. This Fee Agreement is the “*Fee Agreement*” referenced in the Agreement and the terms hereof are incorporated by reference into the Agreement. This Fee Agreement and the Agreement are to be construed as one agreement between SMUD and the Bank, and all obligations hereunder are to be construed as obligations thereunder. All references to amounts due and payable under the Agreement will be deemed to include all amounts, fees and expenses payable under this Fee Agreement.

ARTICLE I. FEES AND OTHER AGREEMENTS.

*Section 1.1. Letter of Credit Fees.* SMUD hereby agrees to pay to the Bank on July 1, 2025, for the period commencing on the Closing Date and ending on June 30, 2025, and quarterly in arrears on the first Business Day of each October, January, April and July occurring thereafter to the Termination Date, and on the Termination Date (each, a “*Quarterly Payment Date*”), for each day in the related fee period, a non-refundable facility fee (the “*Letter of Credit Fees*”), in an amount equal to the product of (A) the applicable rate per annum (the “*Letter of Credit Fee Rate*”) associated with the Rating (as defined below) specified in the applicable Level in the pricing matrix below for each day during the related fee period multiplied by (B) the Available Amount of the Letter of Credit (without regard to any reduction of the Available Amount of the Letter of Credit subject to reinstatement) from time to time in effect (the “*Letter of Credit Fees*”) for each day during each related period:



LEVEL	MOODY'S RATING	S&P RATING	FITCH RATING	LETTER OF CREDIT FEE RATE
Level 1	Aa3 or above	AA- or above	AA- or above	0.25%
Level 2	A1	A+	A+	0.30%
Level 3	A2	A	A	0.40%
Level 4	A3	A-	A-	0.50%
Level 5	Baa1	BBB+	BBB+	0.60%
Level 6	Baa2 or below	BBB or below	BBB or below	2.60%

The term “*Rating*” as used herein shall mean the long-term unenhanced debt rating assigned by Moody’s, S&P and Fitch to any Debt of SMUD secured by or payable from Net Subordinated Revenues on a basis that is on a parity with the Bonds or Parity Subordinated Debt. In the event of a split rating (*i.e.*, the Rating of one of the Rating Agencies is different than the Rating of any of the other Rating Agencies), the Letter of Credit Fee Rate shall be based upon the Level in which the lower of the two highest Ratings appears (for the avoidance of doubt, Level 6 is the lowest Level, and Level 1 is the highest Level for purposes of the above pricing grids). In the event that less than three Rating Agencies then assign a long-term unenhanced debt rating to the Bonds or Parity Subordinated Debt, the Letter of Credit Fee Rate shall be based upon the Level in which the lower Rating appears. In the event that a Rating is suspended or withdrawn (for the avoidance of doubt, a decision by SMUD to cause a Rating Agency to no longer maintain its Rating, for non-credit related reasons and not for the purpose of avoiding the occurrence of an event of default, shall not constitute a suspension or withdrawal of such Rating) by any Rating Agency or upon the occurrence of and during the continuance of an Event of Default (whether or not the Bank declares an Event of Default in connection therewith), the Letter of Credit Fee Rate shall be increased immediately, automatically and without notice to the Letter of Credit Fee Rate specified above for Level 6 above. Any change in the Letter of Credit Fee Rate resulting from an Event of Default or change, withdrawal or suspension of a Rating shall be and become effective as of and on the date of the Event of Default or the announcement of the change, withdrawal or suspension of such Rating, as applicable. References to Ratings above are references to rating categories as presently determined by the Rating Agencies and in the event of adoption of any new or changed rating system by any such Rating Agency, including, without limitation, any recalibration of the long-term unenhanced debt rating assigned to the Bonds or Parity Subordinated Debt in connection with the adoption of a “global” rating scale, each of the Ratings from the Rating Agency in question referred to above shall be deemed to refer to the rating category under the new rating system which most closely approximates the applicable rating category as currently in effect. The Letter of Credit Fees shall be payable quarterly in arrears as set forth above, together with interest on the Letter of Credit Fees from the date payment is due until payment in full at the Default Rate, with such interest payable upon demand. The Letter of Credit Fees shall be payable in immediately available funds and computed on the basis of a year of three hundred sixty (360) days and the actual number of days elapsed. SMUD represents that as of the Closing Date the Letter of Credit Fee Rate is that specified for Level 1 in the pricing matrix above.



*Section 1.2. Draw Fees.* SMUD hereby agrees to pay to the Bank on the date of each Drawing under the Letter of Credit, a non-refundable draw fee equal to \$250 for each Drawing made under the Letter of Credit.

*Section 1.3. Amendment Fee.* SMUD hereby agrees to pay to the Bank on the date of any amendment, modification or supplement to the Agreement, the Letter of Credit or this Fee Letter or in connection with any amendment to any Program Document which requires a waiver from, or the consent of, the Bank, a non-refundable amendment fee in an amount equal to \$2,500, plus the reasonable fees of any legal counsel retained by the Bank in connection therewith in an amount agreed to by the Bank and SMUD after the Bank has provided SMUD with an estimate of such fees and SMUD has approved such fee estimate in writing.

*Section 1.4. Transfer Fee.* SMUD hereby agrees to pay to the Bank on the date of each transfer of the Letter of Credit to a successor Trustee, a non-refundable transfer fee in an amount equal to \$2,500, plus the reasonable fees and expenses of any legal counsel retained by the Bank in connection therewith in an amount agreed to by the Bank and SMUD after the Bank has provided SMUD with an estimate of such fees and expenses and SMUD has approved such fee and expense estimate in writing.

*Section 1.5. Termination Fee; Reduction Fee.* (a) Notwithstanding the foregoing or any other provision of the Agreement or this Fee Agreement to the contrary, SMUD agrees not to terminate, permanently reduce or replace the Agreement or the Letter of Credit prior to the first anniversary of the Closing Date, except upon (i) the payment by SMUD to the Bank of the Termination Fee or a Reduction Fee, as applicable and as described below, (ii) with respect to the termination or replacement of the Letter of Credit, the payment by SMUD to the Bank of all Obligations payable under the Agreement and this Fee Letter and (iii) SMUD providing the Bank with thirty (30) days' prior written notice of its intent to terminate the Agreement and the Letter of Credit or reduce the Available Amount of the Letter of Credit, as applicable; *provided*, that any such termination of the Letter of Credit shall be in compliance with the terms and conditions of the Bond Resolution.

(b) SMUD hereby agrees to pay to the Bank a termination fee in connection with any termination or replacement of the Letter of Credit by SMUD prior to the first anniversary of the Closing Date as set forth in Section 1.5(a) hereof, in an amount equal to difference between (A) the product of (1) the Letter of Credit Fee Rate in effect on the date of such termination or replacement, (2) the Available Amount (without regard to any reduction of the Available Amount subject to reinstatement) in effect as of the Closing Date and (3) a fraction, the numerator of which is equal to the number of days from and including the date of such termination or replacement to and including the first anniversary of the Closing Date, and the denominator of which is 360 and (B) any amount paid to the Bank pursuant to Section 1.5(c) hereof (the "*Termination Fee*"), payable on the date of such termination or replacement. Notwithstanding the foregoing, no termination fee shall be due and owing under this Section 1.5(b) in the event that the Letter of Credit is terminated as a result of (i) a downgrade of any of the Bank's short-term ratings below "A1" from S&P, "P1" from Moody's or "F-1" from Fitch; (ii) the Bank imposing increased costs on SMUD pursuant to the terms of Section 2.17 of the Agreement; (iii) the Bonds being converted to or refunded with fixed rate bonds without a bank facility or purchased by a Bank or similar



financial institution in a direct, private placement transaction; (iv) the Bonds being redeemed with funds or monies of SMUD that are not the proceeds of refunding indebtedness issued by or on behalf of SMUD; or (v) SMUD terminating the Letter of Credit as a result of the Bank or any of its affiliates or subsidiaries pleading guilty or being found guilty with respect to regulatory violations by a local, state or federal court or agency and the fine resulting therefrom exceeding \$3,000,000,000.

(c) Notwithstanding the foregoing and anything set forth herein or in the Agreement to the contrary, SMUD agrees not to permanently reduce the Available Amount below the Available Amount (without regard to any reduction of the Available Amount subject to reinstatement) in effect as of the Closing Date prior to the first anniversary of the Closing Date, without the payment by SMUD to the Bank of a reduction fee in connection with each and every permanent reduction of the Available Amount in an amount equal to the product of (A) the Letter of Credit Fee Rate in effect on the date of such reduction, (B) the difference between the Available Amount (without regard to any reduction of the Available Amount subject to reinstatement) prior to such reduction and the Available Amount (without regard to any reduction of the Available Amount subject to reinstatement) after such reduction, and (C) a fraction, the numerator of which is equal to the number of days from and including the date of such reduction to and including the first anniversary of the Closing Date, and the denominator of which is 360 (the “*Reduction Fee*”).

*Section 1.6. Definition of Payment Office.* For purposes of the Agreement and this Fee Agreement, “*Payment Office*” means PNC Bank, National Association, ABA# 043000096, Account #1017238669, Attn: International Trade Product Delivery, Ref: [Loan #] and Sacramento Municipal Utility District, Mail Remittance to: PNC Letters of Credit, PO Box 64508, Pittsburgh, PA 15264-5058.

## ARTICLE II. MISCELLANEOUS.

*Section 2.1. Legal Fees.* SMUD shall pay the reasonable legal fees and expenses of the Bank incurred in connection with the preparation and negotiation of the Agreement, this Fee Agreement and certain other Program Documents in an amount not to exceed \$50,000 plus disbursements. Legal fees shall be paid directly to the Bank’s counsel, Chapman and Cutler LLP, in accordance with the instructions provided by Chapman and Cutler LLP.

*Section 2.2. Amendments.* No amendment to this Fee Agreement shall become effective without the prior written consent of SMUD and the Bank.

*Section 2.3. Governing Law.* PURSUANT TO SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW (OR ANY SUCCESSOR STATUTE THERETO), THIS FEE AGREEMENT SHALL BE DEEMED TO BE A CONTRACT UNDER, AND SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK AND APPLICABLE FEDERAL LAW; *PROVIDED, HOWEVER*, THAT THE CAPACITY, POWER AND AUTHORITY OF SMUD TO ENTER INTO THIS FEE AGREEMENT AND THE OBLIGATIONS OF SMUD HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA AND APPLICABLE FEDERAL LAW WITHOUT REGARD TO CHOICE OF LAW RULES.



*Section 2.4. Counterparts.* This Fee Agreement may be executed in two or more counterparts, each of which shall constitute an original but both or all of which, when taken together, shall constitute but one instrument. Delivery of an executed counterpart of a signature page of this Fee Agreement by facsimile transmission or by e-mail with a pdf copy or other replicating image attached, will be effective as delivery of a manually executed counterpart of this Fee Agreement, and any printed or copied version of any signature page so delivered will have the same force and effect as an originally signed version of such signature page.

*Section 2.5. Severability.* Any provision of this Fee Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

*Section 2.6. Representation by Legal Counsel; Joint Preparation.* The parties hereto have participated jointly in the negotiation and drafting of this Fee Agreement, and each of the parties was represented by its respective legal counsel during the negotiation and execution of this Fee Agreement. In the event an ambiguity or question of intent or interpretation arises, this Fee Agreement shall be construed as if drafted jointly by the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Fee Agreement.

*Section 2.7. No Disclosure.* Unless required by law, SMUD shall not deliver or permit, authorize or consent to the delivery of this Fee Agreement to any Person (other than SMUD's attorneys, accountants or auditors) or for posting on the Electronic Municipal Market Access website as provided by the Municipal Securities Rulemaking Board unless the Bank provides its prior written consent. The Bank acknowledges and agrees, however, that this Fee Agreement was made available to the public for the meetings of the SMUD Board of Directors at which the SMUD Board of Directors considered the approval of the execution and delivery of this Fee Agreement.

*Section 2.8. Payment Due on Non-Business Day to Be Made on Next Business Day.* If any sum becomes payable pursuant to this Fee Agreement on a day which is not a Business Day, the date for payment thereof shall be extended, without penalty, to the next succeeding Business Day, and such extended time shall be included in the computation of interest and fees.

[SIGNATURE PAGE TO FOLLOW]



IN WITNESS WHEREOF, the parties hereto have caused this Fee Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first set forth above.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

PNC BANK, NATIONAL ASSOCIATION

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



**SACRAMENTO MUNICIPAL UTILITY DISTRICT**  
**SUBORDINATED ELECTRIC REVENUE REFUNDING BONDS, 2023 SERIES C**

**REMARKETING AGREEMENT**

[\_\_\_\_], 2025

Honorable Board of Directors  
Sacramento Municipal Utility District  
6201 S Street  
Sacramento, California 95817-1899

Ladies and Gentlemen:

This is to confirm the agreement between the undersigned, PNC Capital Markets LLC (the “Remarketing Agent”) and Sacramento Municipal Utility District, a municipal utility district of the State of California (the “District”), for the Remarketing Agent to act as exclusive remarketing agent in connection with the offering and sale from time to time in the secondary market of \$132,020,000 aggregate principal amount of the Subordinated Electric Revenue Refunding Bonds, 2023 Series C (the “2023 Series C Bonds”) issued pursuant to the provisions of, and shall be payable as provided in, Resolution No. 85-11-1, adopted by the Board of Directors of the District on November 7, 1985 (the “Subordinate Master Resolution”), as amended and restated by Resolution No. 01-06-10, adopted by the Board of Directors of the District on June 21, 2001, as supplemented and amended, including as supplemented by Resolution No. 23-05-07, adopted by the Board of Directors of the District on May 18, 2023 (the “Supplemental Resolution”). The Subordinate Master Resolution, as amended and restated, and supplemented is herein called the “Subordinate Resolution.” All capitalized terms used herein and not defined herein shall have the meanings specified in the Subordinate Resolution.

In addition, as used herein, “Rule G-34 Documents” shall mean: (i) the letter of credit agreement, reimbursement agreement, standby bond purchase agreement, loan agreement, guaranty agreement or any other document establishing an obligation to provide credit and/or liquidity support with respect to the 2023 Series C Bonds; (ii) the Subordinate Resolution, indenture, bond resolution, and any supplemental or series indenture(s) or resolution(s) or any other authorizing document under which the 2023 Series C Bonds were issued; (iii) any amendments, extensions, renewals, replacements or terminations thereof; and (iv) any other document related to the 2023 Series C Bonds required to comply with Municipal Securities Rulemaking Board (“MSRB”) Rule G-34(c), as it may be amended from time to time; and, in each case where required to be delivered, such delivery shall be by electronic means in a word-searchable PDF file (or in such other form as the Remarketing Agent shall notify the District in writing) labeled with the following information: (a) CUSIP number; (b) name of issuer; (c) name



of transaction; (d) name of document; and (e) whether the document is an execution version or a redacted version.

Concurrently with the execution and delivery of this Agreement, the District is entering into an irrevocable, direct-pay letter of credit, dated as of June [ ], 2025 (the “Letter of Credit”), with PNC Bank, National Association, as credit provider (the “Bank”). The 2023 Series C Bonds will be as described in, and will bear interest in accordance with, the Subordinate Resolution.

1. Appointment of Remarketing Agent; Responsibilities of Remarketing Agent.

Subject to the terms and conditions herein contained, the Remarketing Agent is hereby appointed, and the Remarketing Agent hereby accepts such appointment and agrees to perform the duties and obligations imposed on it hereunder and under the Subordinate Resolution, as exclusive remarketing agent in connection with the determination of interest rates, the remarketing of tendered 2023 Series C Bonds from time to time in the secondary market subsequent to the initial offering, and the performance and discharge of all other responsibilities of the Remarketing Agent under the Subordinate Resolution. The principal office of the Remarketing Agent shall be as set forth under Section 12 hereof.

It is understood and agreed that the Remarketing Agent’s responsibilities hereunder and under the Subordinate Resolution will include (i) exercising its best efforts in its remarketing of the 2023 Series C Bonds without regard to the Bank Rate (as defined in the Letter of Credit), (ii) attempting to remarket 2023 Series C Bonds that have been tendered to U.S. Bank Trust Company, National Association, as trustee and paying agent under the Subordinate Resolution (the “Trustee”), at rates up to and including the maximum rate permitted under the bond documents before notifying the Trustee that a failed remarketing has occurred in respect of such tendered 2023 Series C Bonds, (iii) effecting and processing such purchases, (iv) billing and receiving payment of 2023 Series C Bond purchases, (v) causing the proceeds from the secondary sale of the 2023 Series C Bonds to be transferred to the Trustee, (vi) determining the Daily Rate, Weekly Rate, Flexible Rates, Term Rate, Index Rate or Fixed Rate, as applicable, and (vii) performing such other related functions as provided in the Subordinate Resolution of the Remarketing Agent or reasonably requested by the District and agreed to by the Remarketing Agent.

The obligations of the Remarketing Agent hereunder and under the Subordinate Resolution, with respect to the date on which the 2023 Series C Bonds are to be remarketed pursuant to this Agreement, are also subject to the conditions set forth in Section 6 hereof. The Remarketing Agent may suspend remarketing 2023 Series C Bonds as provided in Section 7 hereof.



2. The 2023 Series C Bonds.

As more fully described in the Subordinate Resolution, the 2023 Series C Bonds will be issuable, subject to the terms and conditions of the Subordinate Resolution, in the form of fully registered 2023 Series C Bonds in the denominations, and having such tender, redemption, payment and other terms, as specified in the Subordinate Resolution.

3. Offering Materials.

The District represents that the Remarketing Memorandum relating to the 2023 Series C Bonds dated June [ ], 2025 (the “Remarketing Memorandum”), both at the date thereof and the date of the Closing, except for the information in the Remarketing Memorandum with respect to the book-entry system of DTC and the Bank and under the captions or subcaptions “SPECIAL CONSIDERATIONS RELATING TO THE 2023C SUBORDINATED BONDS,” and “THE LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT,” “Appendix C – Book-Entry-Only System,” and “Appendix H – Certain Information Concerning the Bank,” does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make such statements therein, in light of the circumstances under which they were made, not misleading. The District agrees to pay the preparation costs of as many copies of the Remarketing Memorandum as the Remarketing Agent may reasonably request, including all the Appendices thereto and information incorporated by reference therein and such other information associated with the District, the 2023 Series C Bonds and the security for the 2023 Series C Bonds as the Remarketing Agent shall reasonably request from time to time provided, however that no such material shall be finalized unless the Remarketing Agent and its counsel have had opportunity to review and comment upon the same. The District consents to the use and distribution of the Remarketing Memorandum in connection with the remarketing of the 2023 Series C Bonds.

4. Representation, Warranties, Covenants and Agreements of the District.

(a) The District is a political subdivision of the State of California duly organized and validly existing pursuant to the Municipal Utility District Act as contained in Public Utilities Code Section 11501 et seq. (the “Act”) and has full legal right, power and authority (i) to enter into this Remarketing Agreement, the Letter of Credit, the Reimbursement Agreement relating to the Bonds between the District and PNC Bank (the “Bank”), dated as of [ ], 2025 (the “Reimbursement Agreement”), the Continuing Disclosure Agreement, dated June 22, 2023 (the “Undertaking”), dated as of and the Custodian Agreement relating to the Bonds among the District, the Bank and U. S. Bank Trust Company, National Association (the “Custodian”), dated as of [ ], 2025 (the “Custodian Agreement”); (ii) to adopt the Subordinate Resolution; (iii) to pledge the Net Subordinated Revenues as set forth in the Subordinate Resolution; (iv) to issue the Bonds



pursuant to the Subordinate Resolution as provided herein; (v) to acquire, construct, operate, maintain, improve and finance and refinance its Electric System (as defined in the Subordinate Resolution) and conduct the business thereof as set forth in and contemplated by the Remarketing Memorandum; and (vi) to carry out, give effect to and consummate the transactions contemplated by this Remarketing Agreement, the Reimbursement Agreement, the Custodian Agreement, the Letter of Credit, the Undertaking, the Subordinate Resolution, and the Remarketing Memorandum;

(b) The District has complied, and will at the Closing Date be in compliance, in all material respects, with the Act, the Subordinate Resolution, and with the obligations in connection with the issuance of the Bonds on its part contained in the Subordinate Resolution, the Letter of Credit, the Reimbursement Agreement, the Custodian Agreement, the Bonds, the Act, the Undertaking and this Remarketing Agreement;

(c) The District has duly and validly adopted the Subordinate Resolution, has duly authorized and approved the execution and delivery of the Bonds, this Remarketing Agreement, the Custodian Agreement, the Letter of Credit, the Reimbursement Agreement, the Undertaking and the Remarketing Memorandum and has duly authorized and approved the performance by the District of its obligations contained in, and the taking of any and all action as may be necessary to carry out, give effect to and consummate the transactions contemplated by, each of said documents and, at the Closing Date, the Bonds will have been validly issued and delivered, the Subordinate Resolution, the Letter of Credit, the Custodian Agreement, the Reimbursement Agreement, the Undertaking and this Remarketing Agreement will constitute the valid, legal and binding obligations of the District enforceable in accordance with their respective terms (subject to the effect of, and restrictions and limitations imposed by or resulting from, (i) bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws affecting creditors' rights, and (ii) judicial discretion) and the Subordinate Resolution will be in full force and effect;

(d) The District is not in breach of or in default under any existing constitutional provision, applicable law or administrative rule or regulation of the State of California, the United States of America, or of any department, division, agency or instrumentality of either or any applicable court or administrative decree or order, or any loan agreement, bond, note, ordinance, resolution, indenture, contract, agreement or other instrument to which the District is a party or to which the District is otherwise subject or bound which in any material way, directly or indirectly, affects the issuance of the Bonds or the validity thereof, the validity or adoption of the Subordinate Resolution or the execution and delivery of the Bonds, this Remarketing Agreement, the Letter of Credit, the Reimbursement Agreement, the Custodian Agreement, the Undertaking or the other instruments contemplated by any of such documents to which the District is a party, and the adoption of the Subordinate Resolution and compliance with the provisions of each will not, as of the date hereof and as of the Closing Date, conflict with or constitute a breach of or default in any material way under any existing constitutional provision, applicable law or administrative rule or regulation of the State of California, the United States, or of any department, division, agency or instrumentality of either or any applicable court or administrative judgment, decree or order, or any loan agreement, bond, note, ordinance, resolution, indenture, contract, agreement or other instrument to which the District is a



party or to which the District or any of the property or assets of the Electric System (as defined in the Subordinate Resolution) are otherwise subject or bound, and no event which would have a material and adverse effect upon the financial condition of the District has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the District under any of the foregoing;

(e) All approvals, consents, authorizations, licenses and permits, elections and orders of or filings or registrations with any governmental authority, legislative body, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect, the due performance by the District of its obligations in connection with the issuance of the Bonds under the Subordinate Resolution, the Undertaking, the Custodian Agreement, the Letter of Credit, and this Remarketing Agreement have been duly obtained or made and are in full force and effect; and, except as disclosed in the Remarketing Memorandum, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, board, agency or commission having jurisdiction in the matters which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the District of its respective obligations under, this Remarketing Agreement, the Custodian Agreement, the Letter of Credit, the Reimbursement Agreement, the Undertaking, the Bonds or the Subordinate Resolution, or which are necessary to permit the District to carry out the transactions contemplated by the Remarketing Memorandum to acquire, construct, operate, maintain, improve and finance the Electric System have been duly obtained or, where required for future performance, are expected to be obtained;

(f) The Bonds are validly issued and outstanding special obligations of the District enforceable against the District in accordance with their terms and entitled to all the benefits and security of the Subordinate Resolution; and the Subordinate Resolution provides, for the benefit of the holders from time to time of the Bonds, a legally valid and binding pledge of and lien on Net Subordinated Revenues pledged under the Subordinate Resolution, as provided in and contemplated by the Subordinate Resolution;

(g) At all times subsequent to the date of delivery thereof up to and including the Closing Date, the Remarketing Memorandum will be true, correct, complete and final in all material respects and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(h) Except as disclosed in the Remarketing Memorandum, no litigation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, regulatory agency, public board or body, is pending or, to the knowledge of the officer of the District executing this Remarketing Agreement after due investigation, threatened (i) in any way affecting the corporate existence of the District or the titles of its officers to their respective offices, (ii) affecting or seeking to prohibit, restrain or enjoin the issuance, sale or delivery of any of the Bonds, the application of the proceeds thereof in accordance with the Subordinate Resolution, or the collection or



application of Revenues (as defined in the Subordinate Resolution) or the collection or application of the Net Subordinated Revenues pledged to pay the principal of and interest on the Bonds under the Subordinate Resolution or in any way contesting or affecting the validity or enforceability of any of the Bonds, the Letter of Credit, the Custodian Agreement, the Reimbursement Agreement, the Subordinate Resolution, the Undertaking, this Remarketing Agreement or any action of the District contemplated by any of said documents, (iii) which may result in any material adverse change relating to the District, other than routine litigation of the type which normally accompanies its operation of its generation, transmission and distribution facilities, (iv) contesting the completeness or accuracy of the Remarketing Memorandum or the powers of the District or its authority with respect to the Bonds, the adoption of the Subordinate Resolution, or the execution and delivery of the Undertaking, the Letter of Credit, the Custodian Agreement, the Reimbursement Agreement, or this Remarketing Agreement, or any action of the District contemplated by any of said documents, and (v) which would adversely affect the exclusion from gross income for federal income tax purposes of interest paid on the Bonds, nor to the knowledge of the officer of the District executing this Remarketing Agreement is there any basis therefor;

(i) The audited financial statements of the District for the years ending December 31, 2024 and December 31, 2023 heretofore delivered to the Remarketing Agent and incorporated by reference in the Remarketing Memorandum as Appendix B fairly present the financial position of the District as of the dates indicated and such financial statements have been prepared in conformity with generally accepted accounting principles applied on a consistent basis;

(j) Between the date hereof and the Closing Date, the District will not, without the prior written consent of the Remarketing Agent, offer or issue any bonds, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent, nor will there be any adverse change of a material nature in the financial position, results of operations or condition, financial or otherwise, of the District, in either case other than in the ordinary course of its business or as disclosed in the Remarketing Memorandum or as otherwise disclosed to the Remarketing Agent;

(k) The Bonds, the Custodian Agreement, the Letter of Credit, the Subordinate Resolution, the Reimbursement Agreement, and the Undertaking conform to the descriptions thereof contained in the Remarketing Memorandum;

(l) The District has the legal authority to apply and will apply, or cause to be applied, the proceeds from the sale of the Bonds as provided in and subject to all of the terms and provisions of the Subordinate Resolution and as described in the Remarketing Memorandum, including for payment of District expenses incurred in connection with the remarketing of the Bonds to the extent required hereby, and will not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds;



(m) Any certificate signed by any official of the District, and delivered to the Remarketing Agent, shall be deemed a representation and warranty by the District to the Remarketing Agent as to the statements made therein; and

(n) Except as disclosed in the Remarketing Memorandum, during the last five years the District has complied in all material respects with all previous undertakings required by Rule 15c2-12.

(o) The District shall deliver to the Remarketing Agent in complying with its obligations under MSRB Rule G-34(c) such additional information concerning the business and financial condition of the District as the Remarketing Agent may reasonably request.

5. Certain Agreements of the District.

(a) During the term of this Agreement, the District agrees to promptly notify the Remarketing Agent by telephone (which shall be promptly confirmed in writing) of the occurrence of any of the events specified in Rule 15c2-12(b)(5)(C).

(b) During the term of this Agreement, the District agrees to promptly notify the Remarketing Agent by telephone (which shall be promptly confirmed in writing) of the occurrence of: (i) any event relating, which, with notice of the passage of time or both, would constitute an Event of Default under the Subordinate Resolution or the Letter of Credit; and (ii) any Event of Default under the Subordinate Resolution or the Letter of Credit.

(c) During the term of this Agreement, if, at any time, any event or condition known to the District relating to or affecting the District, the 2023 Series C Bonds, the security for the 2023 Series C Bonds, the Subordinate Resolution, the Letter of Credit, or the documents or transactions contemplated thereby, shall occur which, in the reasonable judgment of the District or the Remarketing Agent, might affect the accuracy, correctness or completeness of any statement of a material fact contained in the Remarketing Memorandum, as it shall have been supplemented or amended from time to time pursuant to this Section, and result in the Remarketing Memorandum, as so supplemented or amended, containing any untrue, incorrect or misleading statement of a material fact or omitting to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading, then: (i) the District (as to events or conditions relating to itself and otherwise of which it becomes aware) shall promptly notify the Remarketing Agent of the circumstances and details of such event; (ii) if, in the opinion of Remarketing Agent, such event or condition requires the preparation and publication of an amendment or supplement to the Remarketing Memorandum, the District, at its expense, shall promptly prepare or cause to be prepared an appropriate amendment or supplement thereto, in a form and manner approved by the Remarketing Agent, so that the statements in the Remarketing Memorandum, as so amended or supplemented, will not contain any untrue, incorrect or misleading statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not



misleading; and (iii) the District shall take all necessary action to approve such supplement or amendment.

(d) To assist the Remarketing Agent in complying with its obligations under MSRB Rule G-34(c), the District shall provide the following to the Remarketing Agent:

- i. Within three Business Days after the effective date of this Remarketing Agreement, a copy of each executed and currently effective Rule G-34 Document;
- ii. no later than ten Business Days prior to the proposed date of any amendment, extension or renewal, replacement or termination of any of the then current Rule G-34 Documents, written notice that such document is proposed to be amended, extended, renewed, replaced or terminated, as the case may be, and the expected date of execution and delivery of such amendment, extension, renewal, replacement or termination, as the case may be;
- iii. within three Business Days after the execution and delivery of any amendment, extension, renewal, replacement or termination, as the case may be, of any of the then current Rule G-34 Documents a copy thereof; and
- iv. no later than three Business Days after receiving a request from the Remarketing Agent for any Rule G-34 Document, a copy thereof.

(e) In each instance that Rule G-34 Documents are delivered to the Remarketing Agent pursuant to this Section 5, the District shall provide: (1) a clean final execution copy of each relevant document; or (2) in any such document where any redactions are made, a redacted final execution copy of each relevant document.

(f) If the District determines that any information in the Rule G-34 Documents is confidential or proprietary, the District shall discuss such information and the potential redaction thereof with the Remarketing Agent and its counsel to ensure compliance with Rule G-34(c).

(g) In the event that the District does not provide the Remarketing Agent with a copy of a document described in subsection (a) above, the Remarketing Agent may file a notice with the SHORT System that such document will not be provided at such times as specified by the MSRB and in the SHORT System Users Manual.

(h) The District acknowledges and agrees that the Remarketing Agent will have no liability to the District with respect to: any confidential or proprietary information that is: (i) identified and/or redacted by the District in the Rule G-34 Documents; or (ii) made public when the Remarketing Agent files the Rule G-34 Documents with the SHORT System.

(i) If there are any additional regulatory requirements, amendments or modifications to the securities laws with which the Remarketing Agent must comply relating to the Remarketing Agent's obligations under this Agreement, the District shall take all steps



reasonably requested by the Remarketing Agent or its counsel necessary to comply with such additional requirements.

(j) The District shall provide the Rule G-34 Documents to the Remarketing Agent at no cost to the Remarketing Agent.

6. Conditions to Remarketing Agent's Obligations.

The obligations of the Remarketing Agent under this Agreement have been undertaken in reliance upon, and shall be subject to, the due performance of the obligations and agreements hereunder to be performed by the District and to the accuracy of and compliance with the representations, warranties, covenants and agreements of the District contained herein, in each case on and as of the date of delivery of this Agreement and on and as of each date on which 2023 Series C Bonds are to be remarketed pursuant to this Agreement. The obligations of the Remarketing Agent hereunder with respect to each date on which 2023 Series C Bonds are subject to optional or mandatory tender are subject, in the discretion of the Remarketing Agent, to the following further conditions:

(a) (i) The Subordinate Resolution, the Letter of Credit, the Reimbursement Agreement, the Undertaking, the Custodian Agreement and all other documents and agreements referenced in the Subordinate Resolution or the Remarketing Memorandum shall be in full force and effect and shall not have been amended, modified or supplemented in any way which would materially and adversely affect the 2023 Series C Bonds, except as may have been agreed to in writing by the Remarketing Agent, (ii) there shall not have occurred an event of default or an event, which, with the passage of time or the giving of notice or both, would constitute an event of default under the Subordinate Resolution, the Letter of Credit, or the Reimbursement Agreement; and (iii) there shall be in full force and effect additional resolutions, agreements, certificates and opinions which shall be reasonably satisfactory in form and substance to Bond Counsel.

(b) At or prior to the [\_\_\_\_], 2025 (the "Closing Date"), the Remarketing Agent shall have received the documents set forth below, and all conditions precedent to the delivery of the 2023 Series C Bonds shall have been satisfied or waived:

(i) The Remarketing Memorandum executed on behalf of the District by its Chief Executive Officer and General Manager, any Member of its Executive Committee, its Treasurer, its Secretary or its Chief Financial Officer (each an "Authorized Representative");

(ii) The Undertaking executed on behalf of the District by an Authorized Representative;

(iii) The Supplemental Resolution, with only such supplements or amendments thereto as may have been agreed to by the Underwriter and certified by an authorized officer of the District under its seal as having been duly adopted



by the District and as being in full force and effect, and the Subordinate Resolution, certified by an authorized officer of the District as being in full force and effect, with such supplements and amendments thereto adopted after the date hereof as may have been agreed to by the Underwriter;

(iv) An opinion or opinions relating to the Bonds, dated the Closing Date and addressed to the District, of Bond Counsel, in substantially the form included in the Remarketing Memorandum as Appendix F, together with a letter or letters of such Bond Counsel, dated the Closing Date and addressed to the Remarketing Agent, to the effect that the foregoing opinion or opinions addressed to the District may be relied upon by the Remarketing Agent to the same extent as if such opinion or opinions were addressed to them;

(v) An opinion or opinions, dated the Closing Date and addressed to the Remarketing Agent, of Bond Counsel, in substantially the form attached hereto as Exhibit A;

(vi) An opinion, dated the Closing Date and addressed to the Remarketing Agent, of General Counsel to the District, in substantially the form attached hereto as Exhibit B;

(vii) An opinion, dated the Closing Date and addressed to the Remarketing Agent, of Nixon Peabody LLP, as counsel for the Underwriter (“Remarketing Agent’s Counsel”), to the effect that (i) the Bonds are exempt from the registration requirements of the Securities Act of 1933, as amended, and the Subordinate Resolution is exempt from qualification under the Trust Indenture Act of 1939, as amended; (ii) the Undertaking complies as to form in all material respects with the requirements of paragraph (b)(5) of the Rule applicable to the primary offering of the Bonds; and (iii) based upon the information made available to them in the course of their participation in the preparation of the Remarketing Memorandum as counsel to the Remarketing Agent and without having undertaken to determine independently, or assuming any responsibility for, the accuracy, completeness or fairness of the statements contained in the Remarketing Memorandum, they do not believe that the Remarketing Memorandum as of its date and as of the Closing Date, contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (except for the information relating to Cede & Co., DTC or the operation of the book-entry system, the Appendices to the Remarketing Memorandum, except Appendices D, E, and G, and summaries thereof and references thereto, and other financial, accounting and statistical data included therein, as to all of which no view need be expressed); and (iii) with respect to such matters as the Remarketing Agent may reasonably require;

(viii) A tax certificate related to the Bonds in substance and form satisfactory to Bond Counsel;



(ix) Short term ratings of the Bonds from S&P Global Ratings (“S&P”) of not less than “[ ]” and from Fitch Ratings, Inc. (“Fitch”) of not less than “[ ]”;

(x) An opinion of counsel to the Trustee, dated the Closing Date, addressed to the Remarketing Agent and the Bank, to the effect that (i) the Trustee is a national banking association duly organized and validly existing under the laws of the United States of America having full power and being qualified to enter into, accept and agree to the provisions of the Subordinate Resolution and to enter into and perform the Undertaking, (ii) the Undertaking has been duly authorized, executed and delivered by the Trustee and, assuming due authorization, execution and delivery by the other parties thereto, constitutes the valid and binding obligation of the Trustee enforceable in accordance with its terms, subject to laws relating to bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting creditors’ rights generally, to the application of equitable principals and to the exercise of judicial discretion in appropriate cases, and to enter into and perform the Undertaking, (iii) all approvals, consents and orders of any governmental authority or agency having jurisdiction in this matter that would constitute a condition precedent to the performance by the Trustee of its duties and obligations under the Subordinate Resolution and the Undertaking have been obtained and are in full force and effect, and (iv) the acceptance of the duties and obligations of the Trustee under the Subordinate Resolution and the Undertaking and the consummation of the transactions on the part of the Trustee contemplated therein, and the compliance by the Trustee, as applicable, with the terms, conditions and provisions of such document do not contravene any provisions of applicable law or regulation or any order or decree, writ or injunction or the Articles of Association or Bylaws of the Trustee, and, to the best knowledge of such counsel, will not require the consent under or result in a breach of or a default under, any resolution, agreement or other instrument to which the Trustee is a party or by which it may be bound;

(xi) Executed copies of the Letter of Credit and Reimbursement Agreement ;

(xii) Opinion of Chapman and Cutler LLP, counsel to the Bank, with respect to the Letter of Credit;

(xiii) A certificate of an authorized officer of the Bank as to the accuracy of the information in Appendix H of the Remarketing Memorandum;

(xiv) A copy of the Blanket Letter of Representations to DTC relating to the Bonds signed by DTC and the District; and

(xv) Such additional legal opinions, certificates, instruments and other documents as the Remarketing Agent may reasonably request to evidence the truth and accuracy and completeness, as of the date hereof and as of the Closing Date, of the District’s representations and warranties contained herein and of the



statements and information contained in the Remarketing Memorandum, and the due performance or satisfaction by the District at or prior to the Closing Date of all agreements then to be performed and all conditions then to be satisfied by the District in connection with the transactions contemplated hereby and by the Subordinate Resolution and the Remarketing Memorandum.

7. Term, Removal, Termination and Resignation of Remarketing Agent; Suspension of Remarketing.

The Remarketing Agent may be removed by a written instrument of the District filed with the Remarketing Agent, the Bank, the Trustee and the Paying Agent (as these terms are used in the Subordinate Resolution) not less than 30 days before such removal is to take effect; *provided, however*, that such removal shall not take effect until the appointment and acceptance thereof of a successor remarketing agent. Following termination, the provisions of Sections 9, 10 and 11 will continue in effect as to transactions prior to the date of termination, and each party will pay the other any amounts owing at the time of termination. The Remarketing Agent may resign at any time upon thirty (30) days' written notice to the District, the Bank, the Trustee and the Paying Agent; *provided, however*, if the District has not appointed a successor remarketing agent by the end of said 30 day period, so long as the District continues to pay the Remarketing Agent, the Remarketing Agent's resignation shall not become effective for an additional 30 day period. Upon receipt of notice of resignation of the Remarketing Agent, the District will use its best efforts to appoint a successor acceptable to the Bank within 30 days of receipt of such notice of resignation.

The Remarketing Agent may suspend remarketing the 2023 Series C Bonds with immediate effect if it determines, in its reasonable judgment, that it is impracticable to attempt to remarket the 2023 Series C Bonds due to (i) a pending or proposed change in applicable tax laws, (ii) a general banking moratorium by Federal, New York or State authorities or a material disruption in commercial banking or securities settlement, payment services or clearance services shall have occurred, (iii) the occurrence or escalation of hostilities or other national or international calamity or crisis (including the escalation of an already existing national or international calamity or crisis), (iv) a downgrade or withdrawal of the short-term rating of the 2023 Series C Bonds below ["A-1"] or ["F1"] by S&P Global Ratings or Fitch Ratings, respectively, (v) an imposition of material restrictions on the trading or transfer of the 2023 Series C Bonds, (vi) a suspension or material limitation in trading on the New York Stock Exchange or any other major national stock exchange, (vii) legislation shall be introduced by committee, by amendment or otherwise, in or be enacted by, the House of Representatives or the Senate of the Congress of the United States, or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation or official statement by, or on behalf of, the United States Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter shall be made or proposed, to the effect that the offering or sale of obligations of the general character of the Bonds, as contemplated hereby, is or



would be in violation of any provision of the Securities Act of 1933, as amended and as then in effect or the Securities Exchange Act of 1934, as amended and as then in effect (the “Exchange Act”) or with the purpose or effect of otherwise prohibiting the offering or sale of obligations of the general character of the Bonds, as contemplated hereby, (viii) any of the representations and warranties of the District made hereunder shall not have been true and correct in all material respects on the date made, (ix) the District fails to observe any of the material covenants or agreements made herein, (x) a default or a moratorium in respect of payment of any U.S. Treasury bills, bonds or notes or a pending or proposed change in applicable tax laws the effect of which in the Remarketing Agent’s reasonable judgment makes it impractical to market Bonds or to enforce contracts for the sale of such 2023 Series C Bonds or (xii) a material misstatement or omission in the Remarketing Memorandum as then modified or supplemented.

8. Dealing in 2023 Series C Bonds by Remarketing Agent.

The Remarketing Agent, in its individual capacity, either as principal or agent, at its option may (but is not obligated to) buy, sell, own, hold and deal in any of the 2023 Series C Bonds, and may join in any action which any owner of any 2023 Series C Bond may be entitled to take with the like effect as if it did not act in any capacity hereunder. Such purchases or sales are not required to be at par. The Remarketing Agent, in its individual capacity, either as principal or agent, may also engage in or be interested in any financial or other transaction with the District and may act as depositary, trustee or agent for any committee or body of Bondholders or other obligations of the District as freely as if it did not act in any capacity hereunder. The Remarketing Agent may sell any 2023 Series C Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others.

9. Payment of Fees and Expenses.

While the 2023 Series C Bonds accrue interest at Flexible Rates, a Daily Rate or a Weekly Rate (as these terms are defined in the Subordinate Resolution), the District shall pay the Remarketing Agent directly, as compensation for its services hereunder, a fee equal to [ ] ([ ]%) per annum of the weighted average principal amount of the 2023 Series C Bonds outstanding during each three-month period, or such other amount as may be agreed upon from time to time by the District and the Remarketing Agent, payable quarterly in arrears on each February 1, May 1, August 1, and November 1, commencing August 1, 2025. The Remarketing Agent will not be entitled to compensation for any period after conversion of the interest rate determination method for the 2023 Series C Bonds to a Term Rate Mode, Index Rate Mode or a Fixed Rate Mode or following termination of this Agreement (whichever is earlier) except for a *pro rata* portion of the fee in respect of the quarter in which such conversion or termination occurs. The parties anticipate that separate fee arrangements will be made for the remarketing of 2023 Series C Bonds accruing interest at a Index Rate, Term Rate or at a Fixed Rate.



10. Indemnity and Contribution.

(a) To the extent permitted by law, the District agrees to indemnify and hold harmless the Remarketing Agent and each person who controls the Remarketing Agent within the meaning of Section 15 of the Securities Act of 1933, from and against any and all losses, claims, damages or liabilities, caused by (i) the failure to register any security under the Securities Act of 1933, as amended, or to qualify any indenture under the Trust Indenture Act of 1939, as amended in connection with the remarketing of the 2023 Series C Bonds; or (ii) any untrue statement or alleged untrue statement of a material fact contained in the Remarketing Memorandum or any amendment thereof or supplement thereto, or caused by the omission or alleged omission to state therein a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; except insofar as such losses, claims, damages or liabilities are caused by any such untrue statement or omission or alleged untrue statement or omission based upon information with respect to the book-entry system of DTC and the Bank and under the captions or subcaptions “SPECIAL CONSIDERATIONS RELATING TO THE 2023C SUBORDINATED BONDS,” and “THE LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT,” “Appendix C – Book-Entry-Only System,” and “Appendix H – Certain Information Concerning the Bank,” as the case may be, in the Remarketing Memorandum as amended or supplemented.

(b) In case any action shall be brought against the Remarketing Agent or any person controlling the Remarketing Agent, in respect of which indemnity may be sought against the District, the Remarketing Agent shall, as a condition to the above indemnity, promptly notify the District in writing, and the District shall assume the defense thereof, including the employment of counsel and payment of all expenses. The Remarketing Agent or any such controlling person shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of the Remarketing Agent or controlling person, as the case may be, unless (i) the employment of such counsel has been specifically authorized by the District in writing prior to the employment of such counsel or (ii) the named parties to any such action (including any impleaded parties) including both the Remarketing Agent or such controlling person and the District, and the Remarketing Agent, or such controlling person, as the case may be, shall have been advised by such counsel that there may be one or more legal defenses available to it which are different from or additional to those available to the District and that joint representation may be inappropriate under professional standards, in which case the District shall not have the right to assume the defense of such action on behalf of the Remarketing Agent or such controlling person, as the case may be, it being understood, however, that the District shall not, in connection with any one such action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the reasonable fees and expenses of more than one separate firm of attorneys for the Remarketing Agent (including controlling persons), and any such firm



shall be designated in writing by the Remarketing Agent. The District shall not be liable for any settlement of any such action effected without its written consent, but if settled with the prior written consent of the District, or if there be a final judgment for the plaintiff in any such action, the District agrees to indemnify and hold harmless the Remarketing Agent and any such controlling person from and against any loss or liability by reason of such settlement or judgment.

(c) If the indemnification provided for in this Section 9 is unavailable to or insufficient to hold harmless an indemnified party under subsection (a) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the District on the one hand and the Remarketing Agent on the other from the remarketing of the 2023 Series C Bonds. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law or if the indemnified party failed to give the notice required under subsection (b) above, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the District on the one hand and the Remarketing Agent on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the District on the one hand and the Remarketing Agent on the other shall be deemed to be in the same proportion as the total net proceeds from the remarketing (before deducting expenses) bear to the total commission received by the Remarketing Agent. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the District on the one hand or the Remarketing Agent on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The District and the Remarketing Agent agree that it would not be just and equitable if contribution pursuant to this subsection (c) were determined by *pro rata* allocation or by any other method of allocation which does not take account of the equitable considerations referred to above in this subsection (c). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this subsection (c) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this subsection (c), the Remarketing Agent shall be responsible for that portion represented by the percentage that the Remarketing Agent's commission with respect to such remarketing bears to the aggregate principal amount of such 2023 Series C Bonds and the District is responsible for the balance. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to



contribution from any person who was not guilty of such fraudulent misrepresentation.

(d) The indemnity and contribution provisions of this Remarketing Agreement shall not supersede any other indemnity in any other agreement or arising otherwise by law.

11. Remarketing Agent's Liabilities.

The Remarketing Agent shall incur no liability to the District, or any other party for its actions as Remarketing Agent pursuant to the terms hereof and of the Subordinate Resolution except for its negligence or willful misconduct. The obligation of the Remarketing Agent to remarket bonds hereunder shall be on a best efforts basis without regard to the Bank Rate. The Remarketing Agent will not be liable to the District for the failure of any person to whom the Remarketing Agent has sold a 2023 Series C Bond to pay for such 2023 Series C Bond or to deliver any document in respect of the sale. It is understood and agreed that the Remarketing Agent shall not be obligated to advance its own funds to purchase, or to effect the purchase of any 2023 Series C Bonds.

12. Intention of Parties.

It is the express intention of the parties hereto that no purchase, sale or transfer of any 2023 Series C Bonds, as herein provided, shall constitute or be construed to be the extinguishment of any 2023 Series C Bond or the indebtedness represented thereby or the reissuance of any 2023 Series C Bond or the refunding of any indebtedness represented thereby.

13. No Advisory or Fiduciary Role.

The District acknowledges and agrees that: (i) the transaction contemplated by this Agreement is an arm's length, commercial transaction between the District and the Remarketing Agent in which the Remarketing Agent is acting solely as a principal and is not acting as a municipal advisor, financial advisor or fiduciary to the District; (ii) the Remarketing Agent has not assumed any advisory or fiduciary responsibility to the District with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Remarketing Agent has provided other services or is currently providing other services to the District on other matters); (iii) the only obligations the Remarketing Agent has to the District with respect to the transaction contemplated hereby expressly are set forth in this Agreement; and (iv) the District has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate.



14. Miscellaneous.

(a) Except as otherwise specifically provided in this Agreement, all notices and formal communications under this Agreement shall be in writing and mailed, telegraphed or delivered to:

The Remarketing Agent:

PNC Capital Markets LLC  
1600 Market Street, 21<sup>st</sup> Floor  
Philadelphia, PA 19103  
Attention: VRDB Remarketing Desk  
Telephone: (215) 585-1441  
E-Mail: remarketing.desk@pnc.com

The District:

Sacramento Municipal Utility District  
6201 S Street  
Sacramento, California 95817-1899  
Attention: Treasurer  
TEL: (916) 732-6509  
FAX: (916) 732-5835

The Remarketing Agent and District may, by notice given under this Agreement, designate other addresses to which subsequent notices, requests, reports or other communications shall be directed.

(b) The obligations of the respective parties hereto may not be assigned or delegated to any other person without the consent of the other parties hereto; provided, however, that the Remarketing Agent may assign its rights and obligations hereunder to an affiliate of the Remarketing Agent or to an entity succeeding to the business of the Remarketing Agent without the consent of the other parties hereto. This Agreement will inure to the benefit of and be binding upon the District and the Remarketing Agent and their respective successors and assigns, and will not confer any rights upon any other person, partnership, association or corporation other than persons, if any, controlling the Remarketing Agent within the meaning of the Securities Act.

(c) All of the representations, warranties and agreements contained in this Agreement of the District and the Remarketing Agent shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of the Remarketing Agent or the District, (ii) delivery of and any payment for any 2023 Series C Bonds hereunder or (iii) termination or cancellation of this Agreement.



(d) Section headings have been inserted in this Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Agreement and will not be used in the interpretation of any provision of this Agreement.

(e) If any provisions of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstances, or of rendering any other provisions inoperative or unenforceable to any extent whatsoever.

(f) This Agreement constitutes the entire agreement between the parties hereto with respect to the matters covered hereby, and supersedes all prior agreements and understandings between the parties.

(g) This Agreement shall only be amended, supplemented or modified in a writing signed by a duly authorized representative of the parties hereto.

(h) The Remarketing Agent may record telephone communications with the District, the Trustee, or the Paying Agent, or all of them.

(i) This Agreement shall not be deemed or construed to be modified, rescinded, canceled or waived, in whole or in part, except by a written instrument signed by a duly authorized representative of the parties hereto.

(j) Failure of any party to this Agreement to exercise any right or remedy hereunder in the event of a breach of this Agreement by any other party shall not constitute a waiver of any such right or remedy with respect to any subsequent breach.

(k) This Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

(l) The validity, interpretation and performance of this Agreement shall be governed by the laws of the State of California. Any action or proceeding to enforce or interpret this Agreement shall be brought, commenced or prosecuted in the County of Sacramento, California.



Very truly yours,

**PNC CAPITAL MARKETS LLC**

By: \_\_\_\_\_

Name: Christopher D. Roberts

Title: Managing Director

Accepted and agreed to as of the date first above written:

**SACRAMENTO MUNICIPAL UTILITY DISTRICT**

By: \_\_\_\_\_

Name: Jonathan Anderson

Title: Treasurer

[Signature page to 2023 Series C Remarketing Agreement]



**Exhibit A**  
**(Supplemental Opinion of Bond Counsel)**

[To be provided by Bond Counsel]



**Exhibit B**  
**(Opinion of General Counsel)**

[To be provided by General Counsel]



**REMARKETING – NOT A NEW ISSUE – BOOK-ENTRY ONLY****Ratings: See “RATINGS” herein**

*On June 22, 2023, Orrick, Herrington & Sutcliffe LLP, Bond Counsel to SMUD in connection with the issuance of the 2023C Subordinated Bonds, delivered its opinion (the “Original Opinion”) to the effect that, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2023C Subordinated Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. The Original Opinion also stated that interest on the 2023C Subordinated Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. In the Original Opinion, Bond Counsel observed that, for tax years beginning after December 31, 2022, interest on the 2023C Subordinated Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expressed no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the 2023C Subordinated Bonds. In connection with the delivery of the Letter of Credit (defined below), Bond Counsel will deliver its opinion to the effect that such action will not, in and of itself, cause interest on the 2023C Subordinated Bonds to be included in gross income for purposes of federal income taxation. Bond Counsel is not rendering any opinion on the current tax status of the 2023C Subordinated Bonds. Nonetheless, investors should be aware of the information in “TAX MATTERS” herein.*

**\$132,020,000 Subordinated Electric Revenue Refunding Bonds****2023 Series C****CUSIP: [ ]†****Price: 100%****Due: August 15, 2041**

This Remarketing Memorandum has been prepared to provide information for the remarketing of the Subordinated Electric Revenue Refunding Bonds, 2023 Series C (the “2023C Subordinated Bonds”) due to the mandatory tender of the 2023C Subordinated Bonds in connection with the substitution, on [ ], 2025 (the “LOC Substitution Date”), of an irrevocable, direct-pay letter of credit for the current standby bond purchase agreement supporting the 2023C Subordinated Bonds.

The 2023C Subordinated Bonds were issued on June 22, 2023, pursuant to Resolution No. 85-11-1 of the Sacramento Municipal Utility District (“SMUD”), adopted November 7, 1985, as amended and restated pursuant to Resolution No. 01-06-10, adopted June 21, 2001, as supplemented and amended, and are payable from the Net Subordinated Revenues of the Electric System of SMUD, as described herein. The 2023C Subordinated Bonds currently bear interest at a Daily Rate in the Daily Mode. On the LOC Substitution Date, the 2023C Subordinated Bonds will be converted into the Weekly Mode to bear interest at a Weekly Rate. The Weekly Rate that will be in effect on the LOC Substitution Date will be determined by PNC Capital Markets LLC, as remarketing agent (the “Remarketing Agent”), and will be in effect from the LOC Substitution Date to and including the Wednesday of the following week (a “Weekly Rate Period”). Interest on the 2023C Subordinate Bonds bearing interest in the Daily or Weekly Mode will be computed on the basis of a 365/366-day year for the actual number of days elapsed. While in the Daily or Weekly Mode, interest on the 2023C Subordinated Bonds shall be payable on the first Business Day of each month. The first Interest Payment Date following the LOC Substitution Date will be [ ], 2025.

While the 2023C Subordinated Bonds may, under certain circumstances, be converted from the Weekly Mode to a Daily Mode, Flexible Mode, Index Mode, Direct Purchase Index Mode, Term Rate Mode or Fixed Rate Mode, this Remarketing Memorandum describes the 2023C Subordinated Bonds only during the period in which they bear interest in the Daily Mode or the Weekly Mode. The 2023C Subordinated Bonds are subject to mandatory tender in the event of any such conversion (except for conversions between the Daily Mode and the Weekly Mode). See “THE 2023C SUBORDINATED BONDS – Conversion Between Modes” and “– Mandatory Purchase on the Mandatory Purchase Date”. *This Remarketing Memorandum provides information as of its date concerning the 2023C Subordinated Bonds only while bearing interest in the Daily Mode or the Weekly Mode. Owners and prospective purchasers of the 2023C Subordinated Bonds should not rely on this Remarketing Memorandum for information concerning the 2023C Subordinated Bonds in connection with any conversion of the 2023C Subordinated Bonds to an Interest Rate Mode other than the Daily Mode or the Weekly Mode but should look solely to the offering document to be used in connection with any such conversion.*

The 2023C Subordinated Bonds are also subject to optional and mandatory tender, and optional and mandatory redemption prior to maturity as set forth herein. See “THE 2023C SUBORDINATED BONDS – Optional Tender,” “– Mandatory Purchase on the Mandatory Purchase Date,” “– Optional Redemption” and “– Mandatory Sinking Fund Redemption” herein.



The 2023C Subordinated Bonds were issued in denominations of \$100,000 and any integral multiple of \$5,000 in excess thereof as fully registered bonds and are registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC acts as securities depository for the 2023C Subordinated Bonds, and individual purchases of the 2023C Subordinated Bonds will be made in book-entry form only. Principal or Redemption Price or Purchase Price of, and interest on the 2023C Subordinated Bonds is payable by U.S. Bank Trust Company, National Association, as trustee (the “Trustee”) to DTC, which is obligated in turn to remit such principal or Redemption Price or Purchase Price, and interest to its DTC Participants for subsequent disbursement to the beneficial owners of the 2023C Subordinated Bonds, as described herein.

Commencing on the LOC Substitution Date, the 2023 Subordinated Bonds will be supported by an irrevocable, direct-pay letter of credit (the “Letter of Credit”), being issued concurrently with the remarketing of the 2023C Subordinated Bonds on the LOC Substitution Date by PNC Bank, National Association (the “Bank”).

[PNC logo]

The Letter of Credit will permit the Trustee to draw an amount sufficient to pay the aggregate principal of and up to [50] days’ accrued interest on the 2023C Subordinated Bonds (at the maximum rate of 12% per annum) to be used to pay the principal or Redemption Price of and interest on the 2023C Subordinated Bonds or the Purchase Price thereof. The Letter of Credit will expire on [ ], 2028, unless terminated earlier or extended, as provided therein.

**The principal of and interest on the 2023C Subordinated Bonds, together with the debt service on other Subordinated Bonds and Parity Subordinated Debt (as defined herein), are payable exclusively from and secured by a pledge of the Net Subordinated Revenues of the Electric System of SMUD. Neither the credit nor the taxing power of SMUD or the State of California is pledged to the payment of the 2023C Subordinated Bonds. Payment of the principal of and interest on the Subordinated Bonds, including the 2023C Subordinated Bonds, is subordinated to the payment of principal and interest on SMUD’s Electric Revenue Bonds and other Parity Bonds (as defined herein).**

The information presented on this cover page is for general reference only and is qualified in its entirety by reference to the entire Remarketing Memorandum and the documents summarized and described herein.

In connection with the remarketing of the 2023C Subordinated Bonds, certain legal matters will be passed on by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to SMUD. Certain legal matters will be passed on for the Remarketing Agent by its counsel, Nixon Peabody LLP, San Francisco, California. Certain legal matters relating to the Letter of Credit will be passed upon for the Bank by Chapman and Cutler LLP.

**PNC Capital Markets LLC**  
**(Remarketing Agent)**

[ ], 2025

<sup>†</sup> CUSIP® is a registered trademark of the American Bankers Association. CUSIP® data herein is provided by CUSIP Global Services (CGS), which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers have been assigned by an independent company not affiliated with SMUD or the Remarketing Agent and are included solely for the convenience of the registered owners of the 2023C Subordinated Bonds. Neither SMUD nor the Remarketing Agent are responsible for the selection or uses of these CUSIP® numbers, and no representation is made as to their correctness on the 2023C Subordinated Bonds or as included herein. The CUSIP® number for a specific maturity is subject to being changed after the execution and delivery of the 2023C Subordinated Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the 2023C Subordinated Bonds.



**SACRAMENTO MUNICIPAL UTILITY DISTRICT**  
*Sacramento, California*

**BOARD OF DIRECTORS**

Gregg Fishman, President  
Dave Tamayo, Vice President  
Brandon Rose  
Nancy Bui-Thompson  
Rosanna Herber  
Rob Kerth  
Heidi Sanborn

**OFFICERS AND EXECUTIVES**

Paul Lau, Chief Executive Officer and General Manager  
Frankie McDermott, Chief Operating Officer  
Scott Martin, Chief Financial Officer  
Brandy Bolden, Chief Customer Officer  
Suresh Kotha, Chief Information Officer  
Jose Bodipo-Memba, Chief Diversity Officer  
Laura Lewis, Chief Legal and Government Affairs Officer and General Counsel  
Lora Anguay, Chief Zero Carbon Officer  
Farres Everly, Chief Marketing & Communications Officer  
Jennifer Restivo, Treasurer  
Lisa Limcaco, Controller

**SPECIAL SERVICES**

ORRICK, HERRINGTON & SUTCLIFFE LLP  
Bond Counsel

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,  
Trustee and Paying Agent

BAKER TILLY US, LLP, Madison, Wisconsin  
Independent Accountants

PFM FINANCIAL ADVISORS LLC, Philadelphia, Pennsylvania  
Municipal Advisor



No dealer, broker, salesperson or other person has been authorized by SMUD or the Remarketing Agent to give any information or to make any representations with respect to the 2023C Subordinated Bonds other than those contained in this Remarketing Memorandum and, if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Remarketing Memorandum does not constitute an offer to sell nor the solicitation of an offer to buy, nor shall there be any sale of the 2023C Subordinated Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from SMUD and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Remarketing Agent. The information and expressions of opinion stated herein are subject to change without notice. The delivery of this Remarketing Memorandum shall not, under any circumstances, create any implication that there has been no change in the affairs of SMUD since the date hereof. The Remarketing Agent has provided the following sentence for inclusion in this Remarketing Memorandum: The Remarketing Agent has reviewed the information in this Remarketing Memorandum in accordance with and as part of their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Remarketing Agent does not guarantee the accuracy or completeness of such information.

The 2023C Subordinated Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption from the registration requirements contained in such Act. The 2023C Subordinated Bonds have not been registered or qualified under the securities laws of any state.

IN CONNECTION WITH THE REMARKETING OF THE 2023C SUBORDINATED BONDS, THE REMARKETING AGENT MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF SUCH BONDS AT LEVELS ABOVE THOSE THAT MIGHT OTHERWISE PREVAIL ON THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

#### **CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS REMARKETING MEMORANDUM**

Certain statements included or incorporated by reference in this Remarketing Memorandum constitute “forward-looking statements.” Such statements generally are identifiable by the terminology used, such as “plan,” “expect,” “estimate,” “budget” or other similar words.

The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. SMUD does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur.

This Remarketing Memorandum, including any supplement or amendment hereto, is intended to be deposited with the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access website. SMUD maintains a website. However, the information presented therein is not part of this Remarketing Memorandum and should not be relied upon in making investment decisions with respect to the 2023C Subordinated Bonds. The references to internet websites in this Remarketing Memorandum are shown for reference and convenience only; unless explicitly stated to the contrary, the information contained within the websites is not incorporated herein by reference and does not constitute part of this Remarketing Memorandum.

The Bank has no responsibility for the form or content of this Remarketing Memorandum, other than solely with respect to the information describing the Bank in Appendix H hereto under the heading “CERTAIN INFORMATION CONCERNING THE BANK,” and has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Remarketing Memorandum or any information or disclosure contained herein or omitted herefrom, other than solely with respect to the information describing itself in Appendix H hereto under the heading “CERTAIN INFORMATION CONCERNING THE BANK.” Accordingly, the Bank disclaims responsibility for the other information in this Remarketing Memorandum or otherwise made in connection with the issuance or remarketing of the 2023C Subordinated Bonds.



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## **REMARKETING MEMORANDUM**

**Relating to**

### **SACRAMENTO MUNICIPAL UTILITY DISTRICT**

**\$132,020,000**

**Subordinated Electric Revenue Refunding Bonds  
2023 Series C**

### **INTRODUCTION**

This Remarketing Memorandum, including the cover page and Appendices attached hereto, describes the Sacramento Municipal Utility District (“SMUD”), a political subdivision of the State of California (the “State”), and its \$132,020,000 Subordinated Electric Revenue Refunding Bonds, 2023 Series C (the “2023C Subordinated Bonds”), in connection with the mandatory tender and remarketing of the 2023C Subordinated Bonds on [ ], 2025 (the “LOC Substitution Date”) due to the substitution, on the LOC Substitution Date, of an irrevocable, direct-pay letter of credit for the current standby bond purchase agreement supporting the 2023C Subordinated Bonds. The 2023C Subordinated Bonds were issued on June 22, 2023, to refund certain of SMUD’s bonds and pay certain costs associated with the issuance of the 2023C Subordinated Bonds.

The 2023C Subordinated Bonds were issued pursuant to Resolution No. 85-11-1 of SMUD, adopted November 7, 1985, as amended and restated by Resolution No. 01-06-10 (the “Subordinate Master Resolution”), as supplemented and amended, and pursuant to applicable California law, including the Municipal Utility District Act (Public Utilities Code Sections 12850 to 12860) (the “Act”), the Revenue Bond Law of 1941 (Government Code Section 54300 *et seq.*) and Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (Government Code Section 53580 *et seq.*). The issuance of the 2023C Subordinated Bonds was authorized on May 18, 2023, by a resolution of the Board of Directors of SMUD (the “2023 Supplemental Resolution”). The Subordinate Master Resolution and all supplemental resolutions, including the 2023 Supplemental Resolution, are collectively referred to herein as the Subordinate Resolution. See APPENDIX D – “SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE RESOLUTION.”

U.S. Bank Trust Company, National Association serves as trustee and paying agent under the Subordinate Resolution (in such capacities, the “Trustee” and the “Paying Agent” respectively).

The 2023C Subordinated Bonds and other bonds issued on a parity therewith pursuant to the Subordinate Resolution are collectively referred to herein as the “Subordinated Bonds.” As of March 31, 2025, Subordinated Bonds in the aggregate principal amount of \$332,020,000 were outstanding under the Subordinate Resolution.

The payment of the principal of and interest on the Subordinated Bonds, including the 2023C Subordinated Bonds, is subordinate to the payment of the principal of and interest on SMUD’s Electric Revenue Bonds (the “Senior Bonds”) and other Parity Bonds (as defined herein). As of March 31, 2025, Senior Bonds in the aggregate principal amount of \$1,898,985,000 were outstanding. Senior Bonds are issued pursuant to Resolution No. 6649 (the “Senior Bond Resolution”) adopted in 1971, as amended and supplemented. [include 2025 plan of finance depending on timing] See APPENDIX E – “SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND RESOLUTION.”



The 2023C Subordinated Bonds will be supported by an irrevocable, direct-pay letter of credit (the “Letter of Credit”) to be issued by PNC Bank, National Association (the “Bank”) concurrently with the remarketing of the 2023C Subordinated Bonds on the LOC Substitution Date. The Letter of Credit will constitute a Credit Enhancement and Liquidity Facility under the 2023 Supplemental Resolution. The Letter of Credit will permit the Trustee to draw an amount sufficient to pay the principal of and up to [50] days accrued interest on the 2023C Subordinated Bonds (at the maximum rate of 12% per annum). The Trustee is directed in the Subordinate Resolution to draw on the Letter of Credit on the Business Day preceding each Interest Payment Date and Principal Payment Date in an amount sufficient to pay the interest and/or principal becoming due on the 2023C Subordinated Bonds on such Interest Payment Date or Principal Payment Date. The Trustee is also instructed to draw on the Letter of Credit to pay the Purchase Price of the 2023C Subordinated Bonds upon the optional or mandatory tender of the 2023C Subordinated Bonds, to the extent that remarketing proceeds are not available to pay such Purchase Price. The Letter of Credit will expire on [ ], 2028, unless terminated earlier or extended. The Letter of Credit may be replaced by an Alternate Credit Enhancement or an Alternate Liquidity Facility, as described herein. See “THE LETTER OF CREDIT AND THE REIMBURSEMENT AGREEMENT” and “THE 2023C SUBORDINATED BONDS – Alternate Credit Enhancement and Alternate Liquidity Facility.”

SMUD also issues commercial paper notes (the “Notes”) from time to time. As of May [ ], 2025, Notes in the principal amount of \$75,000,000 were outstanding. [assess for updates from 2025 plan of finance] Currently, Notes in the aggregate principal amount of \$400,000,000 may be outstanding at any one time, but SMUD reserves the right to increase or decrease the aggregate principal amount of the Notes that may be outstanding at any one time in the future. The Notes are secured by letters of credit issued by commercial banks. The Notes (and SMUD’s obligations to repay drawings under the letters of credit) are payable solely from available revenues of SMUD’s Electric System and are subordinate in right of payment to the prior payment of principal of, premium if any, and interest on the Senior Bonds and the Subordinated Bonds (including the 2023C Subordinated Bonds). Drawings under the letters of credit, to the extent not repaid immediately from the proceeds of commercial paper or other available SMUD funds, are repayable with interest over a period of five years. The letters of credit currently expire in August of 2025 and March of 2027.

SMUD has also previously issued its taxable and tax-exempt revolving notes pursuant to a revolving credit agreement with a commercial bank (collectively, the “Revolving Credit Facility”). As of the date of this Remarketing Memorandum, no principal amount was outstanding under the Revolving Credit Facility. Currently, the aggregate principal amount that can be outstanding under the Revolving Credit Facility at any one time is limited to \$100,000,000. However, SMUD reserves the right to increase or decrease the aggregate principal amount that can be outstanding at any one time under the Revolving Credit Facility in the future. SMUD’s payment obligations under the Revolving Credit Facility are payable solely from available revenues of SMUD’s Electric System and are subordinate in right of payment to the prior payment of principal of, premium if any, and interest on the Senior Bonds and the Subordinated Bonds (including the 2023C Subordinated Bonds). The current term of the Revolving Credit Facility expires in February 2026.

SMUD is responsible for the acquisition, generation, transmission and distribution of electric power to its service area, which includes most of Sacramento County and small portions of Placer and Yolo counties. For the year ended December 31, 2024, SMUD served a population of approximately 1.5 million with a total annual retail load of approximately 10,721 million kilowatt-hours (“kWh”). SMUD owns and operates an electric system which, as of March 31, 2025, included generating facilities owned and operated by SMUD with an aggregate generating capacity of approximately 815 megawatts (“MW”), local gas-fired plants owned and operated by a joint powers authority and managed by SMUD with an aggregate generating capacity of approximately 1,087 MW, over which SMUD has exclusive control of dispatch, and purchased power with an aggregate generating capacity of approximately 1,541 MW and transmission and distribution facilities. SMUD’s power requirements exceed its generating capacity and thus SMUD has agreements



with others (including the Local Gas-Fired Plants as defined in APPENDIX A) for the purchase of a portion of its power requirements. See APPENDIX A – “INFORMATION REGARDING SACRAMENTO MUNICIPAL UTILITY DISTRICT – POWER SUPPLY AND TRANSMISSION – Power Supply Resources.” Continuing development of SMUD’s business strategy in response to changing environmental and regulatory requirements has had, and is expected to continue to have, a major effect on SMUD’s power supply planning. See APPENDIX A – “INFORMATION REGARDING SACRAMENTO MUNICIPAL UTILITY DISTRICT – BUSINESS STRATEGY.”

Pursuant to a Continuing Disclosure Agreement, dated the date of issuance of the 2023C Subordinated Bonds (the “Continuing Disclosure Agreement”) between SMUD and the Trustee, SMUD has covenanted for the benefit of the holders of the 2023C Subordinated Bonds and owners of beneficial interest in the 2023C Subordinated Bonds to provide certain financial information and operating data and to provide certain notices. See “CONTINUING DISCLOSURE UNDERTAKING” and APPENDIX G – “CONTINUING DISCLOSURE AGREEMENT.”

The information presented in this Introduction is qualified in its entirety by reference to this entire Remarketing Memorandum and the documents summarized or described herein. This Remarketing Memorandum, including the Appendices, summarizes the terms of the 2023C Subordinated Bonds, the Subordinate Resolution and certain agreements, contracts and other arrangements, some of which currently exist and others of which may exist in the future. The summaries of and references to all documents, statutes, regulations and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such summary and reference is qualified in its entirety by reference to each such document, statute, regulation or instrument.

Capitalized terms not otherwise defined in this Remarketing Memorandum shall have the meanings ascribed thereto in APPENDIX D – “SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE RESOLUTION – Certain Definitions” or in the Subordinate Resolution.

## **THE 2023C SUBORDINATED BONDS**

The following is a summary of certain provisions of the 2023C Subordinated Bonds. Reference is made to the 2023C Subordinated Bonds for the complete text thereof and to the Subordinate Resolution for a more detailed description of such provisions. The discussion herein is qualified by such reference. *This Remarketing Memorandum provides information as of its date with respect to 2023C Subordinated Bonds bearing interest in the Daily Mode or the Weekly Mode. Owners and prospective purchasers of the 2023C Subordinated Bonds should not rely on this Remarketing Memorandum for information concerning the 2023C Subordinated Bonds in connection with any conversion of the 2023C Subordinated Bonds to a Mode other than the Daily Mode or the Weekly Mode, but should look solely to the offering document to be used in connection with any such conversion.*

### **General**

The 2023C Subordinated Bonds were issued in the principal amount of \$132,020,000. The 2023C Subordinated Bonds were issued under a book-entry only system, and are registered in the name of Cede & Co., as nominee for The Depository Trust Company (“DTC”), New York, New York, which acts as bond depository for the 2023C Subordinated Bonds. Principal or Redemption Price of, and interest on the 2023C Subordinated Bonds or the Purchase Price thereof are payable by the Trustee to DTC, which is obligated in turn to remit such principal or Redemption Price, and interest or Purchase Price to its DTC Participants for subsequent disbursement to the beneficial owners of the 2023C Subordinated Bonds. See APPENDIX C – “BOOK-ENTRY SYSTEM.”



The 2023C Subordinated Bonds were initially issued in the Daily Mode. On the LOC Substitution Date, the 2023C Subordinated Bonds will be converted to the Weekly Mode and bear interest at a Weekly Rate. At the option of SMUD and upon certain conditions provided in the Subordinate Resolution, the 2023C Subordinated Bonds may be converted to the Daily Mode, Flexible Mode, Term Rate Mode, Index Mode, Direct Purchase Index Mode, or Fixed Rate Mode. See “Conversion Between Modes” herein. The 2023C Subordinated Bonds mature on August 15, 2041. PNC Capital Markets LLC has been appointed as the Remarketing Agent for the 2023C Subordinated Bonds.

While the 2023C Subordinated Bonds may, under certain circumstances, be converted to a Daily Mode, Flexible Mode, Term Rate Mode, Index Mode, Direct Purchase Index Mode or Fixed Rate Mode, this Remarketing Memorandum describes the 2023C Subordinated Bonds only during the period in which they bear interest in the Daily Mode or the Weekly Mode. The 2023C Subordinated Bonds are subject to mandatory tender in the event of any such conversion related thereto (except for conversions between the Daily Mode and the Weekly Mode). See “Conversion Between Modes” and “Mandatory Purchase on the Mandatory Purchase Date” herein.

While in the Daily Mode or the Weekly Mode, interest on the 2023C Subordinated Bonds shall be payable on a monthly basis on the first Business Day of each month (an “Interest Payment Date”) commencing on [ ], 2025 for the period commencing on, and including, the LOC Substitution Date, and ending on, and including [ ], 2025, any Mandatory Purchase Date, and on the Maturity Date of the 2023C Subordinated Bonds. Interest on the 2023C Subordinated Bonds shall be computed on the basis of a 365 or 366-day year, for the actual number of days elapsed. The Record Date for the payment of interest while a 2023C Subordinated Bond is in the Daily Mode or the Weekly Mode is the last Business Day before an Interest Payment Date.

During the Daily Mode, the Remarketing Agent shall establish the Daily Rate by 10:00 a.m., New York City time, on each Rate Determination Date. The Daily Rate for any day during the Daily Mode which is not a Business Day shall be the Daily Rate established on the immediately preceding Rate Determination Date.

During the Weekly Mode, the Remarketing Agent shall establish the Weekly Rate by 4:00 p.m., New York City time, on each Rate Determination Date. The Weekly Rate shall be in effect during the applicable Weekly Rate Period. The Weekly Rate Period is the period commencing on Thursday of each week to and including Wednesday of the following week, except (i) the first Weekly Rate Period which shall be from the Conversion Date on which the Interest Rate Mode for the 2023C Subordinated Bonds is changed to a Weekly Mode to and including the Wednesday of the following week, and (ii) the last Weekly Rate Period which shall end on the day preceding the earliest to occur of the Conversion Date on which the Interest Rate Mode for the 2023C Subordinated Bonds is changed from the Weekly Mode to a different Interest Rate Mode, the Maturity Date or the Mandatory Purchase Date for such 2023C Subordinated Bond.

The Rate Determination Date for the 2023C Subordinated Bonds in the Daily Mode will be each Business Day commencing with the first day (which must be a Business Day) the 2023C Subordinated Bonds becomes subject to the Daily Mode. The Rate Determination Date for the 2023C Subordinated Bonds in the Weekly Mode will be (i) each Wednesday or, if Wednesday is not a Business Day, then the Business Day next succeeding such Wednesday, and (ii) not later than the Business Day preceding a Conversion Date, the date upon which an Alternate Credit Enhancement or Alternate Liquidity facility is scheduled to be substituted for a Credit Enhancement or Liquidity then in effect (a “Substitution Date”) or a Mandatory Purchase Date that is any Business Day specified by SMUD with the consent of a Liquidity Provider, if any, not less than 20 days after the Trustee’s receipt of such notice and in no event later than the day preceding the Expiration Date of the Liquidity Facility, if any, then in effect with respect to such 2023C Subordinated Bonds.



The Daily Rate and the Weekly Rate for each Interest Period will be the rate of interest per annum determined by Remarketing Agent on and as of the applicable Rate Determination Date as the minimum rate of interest which, in the opinion of the Remarketing Agent under then-existing market conditions, would result in the sale of such 2023C Subordinated Bonds in the Daily Rate Period or Weekly Rate Period, as applicable, at a price equal to the principal amount thereof, plus interest, if any, accrued through the Rate Determination Date during then current Interest Accrual Period. In making any such determination, the Remarketing Agent will not take into account the per annum rate of interest that would be applicable to 2023C Subordinated Bonds purchased by the Liquidity Provider with funds drawn on or advanced under the Liquidity Facility (“Liquidity Provider Bonds”) pursuant to the terms of the applicable Liquidity Facility. No 2023C Subordinated Bonds other than Liquidity Provider Bonds may bear interest at an interest rate higher than twelve percent (12%) per year.

If the Remarketing Agent fails or is unable to make such determination, the method by which the Remarketing Agent determines the interest rate is held to be unenforceable by a court of law of competent jurisdiction, or the Remarketing Agent suspends its remarketing effort in accordance with the Remarketing Agreement, then the rate to take effect on the first day of any Interest Period shall be the Alternate Rate. “Alternate Rate” is defined in the Subordinate Resolution to mean a rate per annum equal to 110% of (a) the SIFMA Municipal Swap Index of Municipal Market Data most recently available as of the date of determination, or (b) if such index is no longer available, or if the SIFMA Municipal Swap Index is no longer published, the S&P Municipal Bond 7 Day High Grade Index, or if neither the SIFMA Municipal Swap Index nor the S&P Municipal Bond 7 Day High Grade Index is published, the index determined to equal the prevailing rate determined by the Remarketing Agent for tax-exempt state and local government bonds meeting criteria determined in good faith by the Remarketing Agent to be comparable under the circumstances to the criteria used by the Securities Industry and Financial Markets Association to determine the SIFMA Municipal Swap Index just prior to when the Securities and Financial Markets Association stopped publishing the SIFMA Municipal Swap Index.

The 2023C Subordinated Bonds are issued only as fully registered 2023C Subordinated Bonds in denominations of \$100,000 and any integral multiple of \$5,000 in excess thereof (the “Authorized Denominations”) while in the Weekly Mode or the Daily Mode. Subject to the provisions discussed in APPENDIX C – “BOOK-ENTRY SYSTEM,” principal or Redemption Price will be payable upon surrender of the 2023C Subordinated Bonds at the principal corporate trust office of the Trustee. Interest on the 2023C Subordinated Bonds will be paid by wire transfer within the continental United States of immediately available funds from the Trustee to the registered owner, determined as of the close of business on the applicable Record Date, at its address as shown on the registration books maintained by the Trustee.

### **Conversion Between Modes**

While the 2023C Subordinated Bonds are in the Daily Mode or Weekly Mode, conversions to any other Interest Rate Mode may take place on any Business Day, upon not less than 10 days’ prior written notice from the Trustee to the registered owners of such 2023C Subordinated Bonds.

Upon such conversion (except for conversions between the Daily Mode and the Weekly Mode), the 2023C Subordinated Bonds will be subject to mandatory purchase on the Mandatory Purchase Date as described herein under “Mandatory Purchase on the Mandatory Purchase Date.” Each conversion of the 2023C Subordinated Bonds from one Interest Rate Mode to another Interest Rate Mode shall be subject to the conditions set forth in the Subordinate Resolution, including delivery of a Favorable Opinion of Bond Counsel. In addition, SMUD may rescind any election to convert to another Interest Rate Mode up to 10:00 a.m., New York City time, on the Business Day preceding the proposed conversion date. In the event that the conditions for a proposed conversion to a new Interest Rate Mode are not met or SMUD rescinds the direction to convert, (i) such new Interest Rate Mode shall not take effect on the proposed conversion date, notwithstanding any prior notice to the registered owners of such conversion, (ii) the 2023C Subordinated



Bonds shall remain in the prior Interest Rate Mode, and (iii) the 2023C Subordinated Bonds shall be subject to mandatory purchase on the Mandatory Purchase Date as described in the Subordinate Resolution if notice has been sent to the registered owners stating that the 2023C Subordinated Bonds would be subject to mandatory purchase on such date. In no event shall the failure of the 2023C Subordinated Bonds to be converted to another Interest Rate Mode be deemed to be a default or an Event of Default.

### **Optional Tender**

While the 2023C Subordinated Bonds are in the Daily Mode or Weekly Mode, the Beneficial Owners of 2023C Subordinated Bonds may elect to have their 2023C Subordinated Bonds (or portions of those 2023C Subordinated Bonds, provided that no 2023C Subordinated Bonds remain Outstanding in other than Authorized Denominations) purchased on any Business Day at a price equal to the Purchase Price.

“Purchase Price” means an amount equal to the principal amount of any 2023C Subordinated Bonds purchased on the any Purchase Date, plus accrued interest to but excluding the Purchase Date; provided, however, that if the Purchase Date for any 2023C Subordinated Bond to be purchased is an Interest Payment Date for such 2023C Subordinated Bond, the Purchase Price thereof shall be the principal amount thereof, and interest on such 2023C Subordinated Bond shall be paid to the Holder of such 2023C Subordinated Bond in the normal course.

In order to exercise the right to tender, the Beneficial Owners must deliver to the Trustee by Electronic Means or in writing with respect to a 2023C Subordinated Bond a notice that states (i) the principal amount of such 2023C Subordinated Bond to be purchased pursuant to the Subordinate Resolution, (ii) the Purchase Date on which such 2023C Subordinated Bond is to be purchased, (iii) applicable payment instructions with respect to the 2023C Subordinated Bonds being tendered for purchase and (iv) an irrevocable demand for such purchase (a “Tender Notice”). If the 2023C Subordinated Bonds are in the Daily Mode, the 2023C Subordinated Bonds will be purchased on any Business Day if a Tender Notice is delivered to the Trustee not later than 11:00 a.m., New York City time, on any Business Day. If the 2023C Subordinated Bonds is in the Weekly Mode, the 2023C Subordinated Bonds will be purchased on the Business Day specified in such Tender Notice, if a Tender Notice is delivered to the Trustee by 5:00 p.m., New York City time, on a Business Day not less than seven days prior to the Purchase Date.

Notice of tender of a Series of 2023C Subordinated Bonds is irrevocable. If the Beneficial Owner of a 2023C Subordinated Bond has elected to require purchase as provided above, the Beneficial Owner shall be deemed, by such election, to have agreed irrevocably to sell such 2023C Subordinated Bond to any purchaser, on the date fixed for purchase at the Purchase Price. The Purchase Price of such 2023C Subordinated Bond shall be paid to the registered owner by the Trustee on the Purchase Date or any subsequent Business Day if such 2023C Subordinated Bond is delivered to the Trustee by 12:00 noon, New York City time, on the Purchase Date or such subsequent Business Day. From and after the Purchase Date, no further interest on such 2023C Subordinated Bond shall be payable to the Beneficial Owner who gave notice of tender for purchase, provided that there are sufficient funds available on the Purchase Date to pay the Purchase Price.

Notwithstanding the foregoing provisions, all tenders of 2023C Subordinated Bonds for purchase during any period in which the 2023C Subordinated Bonds are registered in the name of any Securities Depository shall be subject to the terms and conditions set forth in the Representations Letter between SMUD and the Securities Depository and to any regulations promulgated by the Securities Depository. During any period that the 2023C Subordinated Bonds are registered in the name of DTC or its nominee, the tender option rights of Holders of such 2023C Subordinated Bonds may be exercised only by a Direct Participant of DTC acting, directly or indirectly, on behalf of a Beneficial Owner of such 2023C Subordinated Bonds by giving notice of its election to tender such 2023C Subordinated Bonds or portions thereof at the times and in the manner described above. Beneficial Owners will not have any rights to



tender 2023C Subordinated Bonds directly to the Trustee. Procedures under which a Beneficial Owner may direct a Direct Participant of DTC, or an Indirect Participant of DTC acting through a Direct Participant of DTC, to exercise a tender option right in respect of 2023C Subordinated Bonds or portions thereof in an amount equal to all or a portion of such Beneficial Owner's beneficial ownership interest therein shall be governed by standing instructions and customary practices determined by such Direct Participant or Indirect Participant. During any period that the 2023C Subordinated Bonds are registered in the name of DTC or its nominee, delivery of such 2023C Subordinated Bonds required to be tendered for purchase shall be effected by the transfer by a Direct Participant on the applicable Purchase Date of a book-entry credit to the account of the Trustee of a beneficial ownership interest in such 2023C Subordinated Bonds. See APPENDIX C – "BOOK-ENTRY SYSTEM."

### **Mandatory Purchase on the Mandatory Purchase Date**

While in the Daily Mode or Weekly Mode, the 2023C Subordinated Bonds are subject to mandatory purchase at the Purchase Price (each, a "Mandatory Purchase Date") on (i) any Conversion Date (except any Conversion Date in respect of a conversion from a Daily Mode to the Weekly Mode or from the Weekly Mode to the Daily Mode) (or the date that otherwise would have been a Conversion Date had one of the conditions precedent to such Conversion Date not failed to occur, except any such date in respect of a proposed conversion from the Daily Mode to the Weekly Mode or from the Weekly Mode to the Daily Mode), (ii) any Substitution Date with respect to a Credit Enhancement or Liquidity Facility, (iii) the fifth Business Day prior to the Expiration Date with respect to a Credit Enhancement or Liquidity Facility supporting such 2023C Subordinated Bonds, (iv) the date specified by the Trustee following the occurrence of an event under the Reimbursement Agreement or Liquidity Facility which requires or gives the Credit Provider or Liquidity Provider the option to cause a mandatory tender of the 2023C Subordinated Bonds or terminate the Credit Enhancement or Liquidity Facility upon notice, which date shall be a Business Day not more than five Business Days after the Trustee's receipt of written notice of such event from the Credit Provider or the Liquidity Provider and directing the Trustee to cause a mandatory tender of the 2023C Subordinated Bonds and in no event later than the Business Day preceding the termination date specified by the Credit Provider or the Liquidity Provider; (v) the date specified by the Trustee following receipt of written notice by the Trustee from a Credit Provider, if any, that a Credit Enhancement, if any, will not be reinstated following a drawing to pay interest on the 2023C Subordinated Bonds (other than interest on 2023C Subordinated Bonds no longer Outstanding after such drawing) and directing the Trustee to cause a mandatory tender of the 2023C Subordinated Bonds, which date shall be a Business Day not more than five days after the Trustee's receipt of such notice; and (vi) any Business Day specified by SMUD with the consent of the Liquidity Provider, if any, not less than 20 days after the Trustee's receipt of such notice and in no event later than the day preceding the Expiration Date of the Liquidity Facility, if any, then in effect with respect to such 2023C Subordinated Bonds.

Notice of mandatory purchase shall be given by the Trustee in writing to the Holders of such 2023C Subordinated Bonds subject to mandatory purchase no less than 10 days prior to the applicable Mandatory Purchase Date (or no less than three days with respect to a mandatory purchase described in clause (iv) or clause (v) of the paragraph above). From and after the Mandatory Purchase Date, interest on the 2022C Subordinated Bonds subject to mandatory purchase will cease to accrue.

### **Remarketing of 2023C Subordinated Bonds**

The Remarketing Agent is required to use its best efforts pursuant to the terms and conditions of the Remarketing Agreement to offer for sale:

- (i) all 2023C Subordinated Bonds or portions thereof as to which a Tender Notice has been delivered; and



(ii) all 2023C Subordinated Bonds required to be purchased on a Mandatory Purchase Date pursuant to a conversion of the Interest Rate Mode, a substitution of a Credit Enhancement or Liquidity Facility, or a Mandatory Purchase Date specified by SMUD with the consent of the Liquidity Provider as further described in clause (vi) under “Mandatory Purchase on the Mandatory Purchase Date” above; and

(iii) any Liquidity Provider Bonds as described in the Subordinate Resolution.

The Remarketing Agent shall not remarket 2023C Subordinated Bonds to SMUD or any affiliate thereof. In connection with the remarketing of any 2023C Subordinated Bonds with respect to which notice of redemption or notice of mandatory purchase has been given, the Remarketing Agent shall notify each person to which such 2023C Subordinated Bonds are remarketed of such notice of redemption or notice of mandatory purchase.

Anything in the Subordinate Resolution to the contrary notwithstanding, if there shall have occurred and be continuing a Credit Provider Failure or Liquidity Provider Failure with respect to the 2023C Subordinated Bonds, the Remarketing Agent will not remarket such 2023C Subordinated Bonds. All other provisions of the Subordinate Resolution, including without limitation, those relating to the setting of interest rates and Interest Periods and mandatory and optional purchases, will remain in full force and effect during the continuance of such Credit Provider Failure or Liquidity Provider Failure.

#### **Draws on Credit Enhancement and Liquidity Facility**

While a Credit Enhancement is in effect with respect to the 2023C Subordinated Bonds, the Trustee shall, on the Business Day preceding each Interest Payment Date and Principal Payment Date, draw on the Credit Enhancement in accordance with the terms thereof so as to receive by 1:00 p.m. on such Interest Payment Date and Principal Payment Date, an amount, in immediately available funds, equal to the amount of interest and principal payable on such 2023C Subordinated Bonds on such Interest Payment Date and Principal Payment Date. The proceeds of such draws shall be deposited in a separate account in the Subordinated Bond Interest and Principal Fund and shall be applied to pay principal of and interest on such 2023C Subordinated Bonds prior to the application of any other funds held by the Trustee.

On each date on which a 2023C Subordinated Bond is to be purchased, if the Remarketing Agent gives notice to the Trustee pursuant to the Subordinate Resolution that it has been unable to remarket any tendered 2023C Subordinated Bonds or if the Trustee has not received from the Remarketing Agent an amount sufficient to pay the Purchase Price of tendered 2023C Subordinated Bonds by 12:00 noon, New York City time, on the Purchase Date, the Trustee shall draw on the Liquidity Facility (or, if there is no Liquidity Facility, request funds from SMUD) by 12:15 p.m., New York City time, in an amount equal to the Purchase Price of all the 2023C Subordinated Bonds which have not been successfully remarketed.

If a Liquidity Facility is in effect, on each date on which a 2023C Subordinated Bond secured by the Liquidity Facility is to be purchased, the Trustee, by demand given by Electronic Means by 12:15 p.m., New York City time, will draw on the Liquidity Facility in accordance with the terms thereof so as to receive thereunder by 2:45 p.m., New York City time, on such date an amount, in immediately available funds, sufficient, together with the proceeds of the remarketing of such 2023C Subordinated Bonds on such date, to enable the Trustee to pay the Purchase Price in connection therewith. The Trustee shall deposit said proceeds in the Liquidity Facility Purchase Account established for the 2023C Subordinated Bonds pursuant to the Subordinate Resolution.

The Letter of Credit constitutes a Credit Enhancement and Liquidity Facility under the Subordinate Resolution. See “THE LETTER OF CREDIT AND THE REIMBURSEMENT AGREEMENT.”



## **Source of Funds for Purchase of 2023C Subordinated Bonds**

The Trustee shall purchase 2023C Subordinated Bonds optionally tendered for purchase or subject to mandatory tender for purchase pursuant to the Subordinate Resolution (“Tendered Bonds”) from the tendering owners at the applicable Purchase Price by wire transfer in immediately available funds. Funds for the payment of such Purchase Price shall be derived solely from the following sources in the order of priority indicated and none of SMUD, the Trustee or the Remarketing Agent shall be obligated to provide funds from any other source:

(i) immediately available funds on deposit in the Remarketing Proceeds Account established for the 2023C Subordinated Bonds under the Subordinate Resolution;

(ii) immediately available funds on deposit in the Liquidity Facility Purchase Account established for the 2023C Subordinated Bonds under the Subordinate Resolution; and

(iii) moneys of SMUD on deposit in the District Purchase Account established for the 2023C Subordinated Bonds under the Subordinate Resolution.

If a Liquidity Facility is in effect with respect to the 2023C Subordinated Bonds, then SMUD may, but shall not be obligated to, deposit amounts into the District Purchase Account established for the 2023C Subordinated Bonds sufficient to pay the Purchase Price to the extent that amounts on deposit in the Remarketing Proceeds Account established for the 2023C Subordinated Bonds and the Liquidity Facility Purchase Account established for the 2023C Subordinated Bonds are insufficient therefor.

## **Inadequate Funds for Tenders**

If moneys sufficient to pay the Purchase Price of all Tendered Bonds to be purchased on any Purchase Date are not available (1) no purchase shall be consummated of Tendered Bonds on such Purchase Date; (2) all Tendered Bonds shall be returned to the Holders thereof; and (3) all remarketing proceeds with respect to such 2023C Subordinated Bonds shall be returned to Remarketing Agent for return to the persons providing such moneys. Thereafter, the Trustee shall continue to take all such action available to it to obtain remarketing proceeds with respect to all Tendered Bonds from the Remarketing Agent and sufficient other funds from the Liquidity Provider, if any, to effect a subsequent successful remarketing or purchase of any Tendered Bonds. All Tendered Bonds (other than Liquidity Provider Bonds) will bear interest at the Maximum Rate (12% per annum) during the period of time from and including the applicable Purchase Date to (but not including) the date that all such Tendered Bonds are successfully remarketed, redeemed, purchased or paid (the “Delayed Remarketing Period”).

During the Delayed Remarketing Period, (1) SMUD may direct the conversion of Tendered Bonds without complying with the applicable notice requirements for such conversion; (2) subject to the terms of the Remarketing Agreement, the Remarketing Agent will continue to use its best effort to remarket all of the Tendered Bonds at rates up to and including the Maximum Rate; and (3) the Trustee may, at the direction of SMUD and upon five Business Days’ notice, redeem Tendered Bonds as a whole or in part on any Business Day at a redemption price equal to the principal amount thereof, together with accrued interest thereon to the date fixed for redemption, without premium. During the Delayed Remarketing Period, interest on Tendered Bonds will be paid to the Holders thereof (i) on the first Business Day of each calendar month and (ii) on the last day of the Delayed Remarketing Period.



## **Alternate Credit Enhancement and Alternate Liquidity Facility**

If at any time there shall have been delivered to the Trustee (i) an Alternate Credit Enhancement or an Alternate Liquidity Facility in substitution for a Credit Enhancement or Liquidity Facility then in effect, (ii) a Favorable Opinion of Bond Counsel, (iii) a written Opinion of Counsel for the provider of the Alternate Credit Enhancement or Alternate Liquidity Facility, as applicable, to the effect that such Alternate Credit Enhancement or Alternate Liquidity Facility is a valid, legal and binding obligation of the provider thereof, and (iv) unless waived by such entity, written evidence satisfactory to the related Credit Provider and the Liquidity Provider of the provision for purchase from the Liquidity Provider of all Liquidity Provider Bonds, at a price equal to the principal amount thereof plus accrued and unpaid interest, and payment of all amounts due to the Credit Provider and the Liquidity Provider under the applicable Reimbursement Agreement or Liquidity Facility on or before the effective date of such Alternate Credit Enhancement or Alternate Liquidity Facility, then the Trustee shall accept such Alternate Credit Enhancement or Alternate Liquidity Facility, as applicable, on the Substitution Date and shall surrender the Credit Enhancement or Liquidity Facility then in effect to the provider thereof on the Substitution Date. The Trustee shall give notice of such proposed substitution by mail to the Beneficial Owners of the 2023C Subordinated Bonds no less than ten days prior to the proposed Substitution Date. If any condition to the substitution is not satisfied, the substitution shall not occur but the 2023C Subordinated Bonds shall remain subject to mandatory purchase on the proposed Substitution Date. See “Mandatory Purchase on the Mandatory Purchase Date” above.

## **Optional Redemption**

The 2023C Subordinated Bonds in the Daily Mode or the Weekly Mode are subject to redemption at the option of SMUD in whole or in part (provided that no 2023C Subordinated Bonds shall remain Outstanding except in Authorized Denominations) on any Business Day at a Redemption Price equal to the principal amount of such 2023C Subordinated Bonds to be redeemed, plus accrued interest, if any, to the Redemption Date.

## **Mandatory Sinking Fund Redemption**

The 2023C Subordinated Bonds are subject to mandatory redemption in part, by lot, on August 15 in the years shown in the following table, at a Redemption Price equal to the principal amount thereof, plus accrued interest, if any, to the date of redemption in an amount equal to the Sinking Fund Installments for such 2023C Subordinated Bonds for such date:

<u>Years (August 15)</u>	<u>Sinking Fund Installment</u>	<u>Years (August 15)</u>	<u>Sinking Fund Installment</u>
2034	\$11,665,000	2038	\$19,090,000
2035	\$11,320,000	2039	\$19,545,000
2036	\$10,970,000	2040	\$20,005,000
2037	\$18,640,000	2041 <sup>†</sup>	\$20,785,000

<sup>†</sup> Stated Maturity

## **Selection of Bonds to be Redeemed; Notice of Redemption**

Whenever provision is made for the redemption of less than all of the 2023C Subordinated Bonds, the Trustee shall select the 2023C Subordinated Bonds to be redeemed, from the outstanding 2023C Subordinated Bonds not previously called for redemption, by lot in any manner which the Trustee deems fair; provided, however, that Liquidity Provider Bonds will be redeemed prior to the redemption of other 2023C Subordinated Bonds.



Notice of redemption shall be mailed by first-class mail by the Trustee, not less than 10 days prior to the redemption date, to the Holder of any 2023C Subordinated Bond called for redemption, but neither failure to receive such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the 2023C Subordinated Bonds. Each notice of redemption shall state the redemption date, the place of redemption, the principal amount to be redeemed, and shall also state that the interest on the 2023C Subordinated Bonds in such notice designated for redemption shall cease to accrue from and after such redemption date and that on said date there will become due and payable on each of said 2023C Subordinated Bonds the principal amount thereof to be redeemed, interest accrued thereon to the redemption date and the premium, if any, thereon (such premium to be specified). Each notice of optional redemption shall also state that redemption is conditioned upon receipt by the Trustee of sufficient funds on the applicable redemption date to pay the applicable redemption price of the 2023C Subordinated Bonds to be redeemed.

Any notice of optional redemption may be rescinded by written notice given to the Trustee by SMUD no later than two Business Days prior to the date specified for redemption.

Notwithstanding the foregoing, notice of redemption shall not be required for 2023C Subordinated Bonds redeemed on a Mandatory Purchase Date.

## **SPECIAL CONSIDERATIONS RELATING TO THE 2023C SUBORDINATED BONDS**

### **The Letter of Credit and the Reimbursement Agreement**

Concurrently with the remarketing of the 2023C Subordinated Bonds on the LOC Substitution Date, SMUD will cause the Letter of Credit to be issued by the Bank and delivered to the Trustee. Under the Letter of Credit, the Trustee will be entitled to draw up to an amount sufficient to pay (i) the principal of the 2023C Subordinated Bonds or the portion of the purchase price corresponding to the principal of the 2023C Subordinated Bonds and (ii) up to [50] days' accrued interest on the 2023C Subordinated Bonds at a rate of 12% per annum (computed on the basis of a 365-day year). The Letter of Credit has a stated expiration date of [ ], 2028, and may be extended pursuant to its terms.

There can be no assurance that SMUD will be able to obtain an extension of the Letter of Credit. The Bank is under no obligation to extend the Letter of Credit beyond the scheduled expiration thereof.

As provided herein under the caption "RATINGS," the ratings on the 2023C Subordinated Bonds are dependent on the ratings of the Bank. The Bank's current ratings are predicated upon, among other things, a level of reserves required by banking institutions. The level of reserves maintained by the Bank could change over time and this could result in a downgrading of the ratings on the 2023C Subordinated Bonds. The Bank is not contractually bound to maintain its present level of reserves in the future nor is it contractually bound to maintain its current credit ratings. No provision has been made for replacement of or substitution for the Letter of Credit in the event of any deterioration in the financial condition of the Bank.

The Bank is subject to regulation and supervision by the Federal Deposit Insurance Corporation, the Federal Reserve Board and other regulatory bodies. New regulations could impose restrictions upon the Bank that would restrict its ability to respond to competitive pressures. Various legislative or regulatory changes could dramatically impact the banking industry as a whole and the Bank specifically. The banking industry is highly competitive in many of the markets in which the Bank operates. Such competition directly impacts the financial performance of the Bank. Any significant increase in such competition could adversely impact the Bank.



See APPENDIX H – “CERTAIN INFORMATION CONCERNING THE BANK” for more information related to the Bank.

### **Bankruptcy or Insolvency of the Bank**

The obligations of the Bank under the Letter of Credit are general obligations of the Bank and rank equally in priority of payment and in all other respects with all other unsecured obligations of the Bank. In the event of a bankruptcy or insolvency or if for any other reason the Bank fails or is unable to honor a draw on the Letter of Credit, each Bondholder would have to depend entirely on the ability of SMUD to pay the principal of and interest on the 2023C Subordinated Bonds. SMUD has no obligation to pay the Purchase Price of 2023C Subordinated Bonds upon their optional or mandatory tender if the Bank fails or is unable to honor a draw on the Letter of Credit and failure to pay the Purchase Price of such 2023C Subordinated Bonds is not an Event of Default.

### **Mandatory Tender upon Default under Reimbursement Agreement**

The occurrence of an event of default under the Reimbursement Agreement may cause the mandatory tender of the 2023C Subordinated Bonds. In such event, a Bondholder whose 2023C Subordinated Bonds are required to be tendered may not have the opportunity to hold such 2023C Subordinated Bonds for a time period consistent with such Bondholder’s original investment intentions.

### **The Remarketing Agent is Paid by SMUD**

The Remarketing Agent’s responsibilities include determining the interest rate from time to time and remarketing the 2023C Subordinated Bonds that are optionally or mandatorily tendered by the owners thereof (subject, in each case, to the terms of the Subordinate Resolution and the Remarketing Agreement), all as further described in this Remarketing Memorandum. The Remarketing Agent is appointed by SMUD and is paid by SMUD for its services. As a result, the interests of the Remarketing Agent may differ from those of existing Holders and potential purchasers of 2023C Subordinated Bonds.

### **The Remarketing Agent Routinely Purchases Bonds for its Own Account**

The Remarketing Agent is permitted, but not obligated, to purchase Tendered Bonds for its own account. The Remarketing Agent, in its sole discretion, routinely acquires tendered bonds for its own inventory in order to achieve a successful remarketing of such bonds (i.e., because there otherwise are not enough buyers to purchase such bonds) or for other reasons. However, the Remarketing Agent is not obligated to purchase bonds, including the 2023C Subordinated Bonds, and may cease doing so at any time without notice. The Remarketing Agent may also make a market in the 2023C Subordinated Bonds by routinely purchasing and selling 2023C Subordinated Bonds other than in connection with an optional tender and remarketing. Such purchases and sales may be at or below par. However, the Remarketing Agent is not required to make a market in the 2023C Subordinated Bonds. If the Remarketing Agent purchases 2023C Subordinated Bonds for its own account, it may offer those 2023C Subordinated Bonds at a discount to par to some investors. The Remarketing Agent may also sell any 2023C Subordinated Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the 2023C Subordinated Bonds. The purchase of 2023C Subordinated Bonds by the Remarketing Agent may create the appearance that there is greater third party demand for the 2023C Subordinated Bonds in the market than is actually the case. The practices described above also may reduce the supply of 2023C Subordinated Bonds that may be tendered in a remarketing.



## **2023C Subordinated Bonds May be Offered at Different Prices on Any Date**

The Remarketing Agent is required to determine on the Rate Determination Date the applicable rate of interest that, in its judgment, is the lowest rate that would permit the sale of 2023C Subordinated Bonds at par plus accrued interest, if any, on the date the rate becomes effective (the “Effective Date”). The interest rate will reflect, among other factors, the level of market demand for the 2023C Subordinated Bonds (including whether the Remarketing Agent is willing to purchase 2023C Subordinated Bonds for its own account). The Remarketing Agreement requires that the Remarketing Agent use its best efforts to sell Tendered Bonds at par, plus accrued interest. There may or may not be 2023C Subordinated Bonds tendered and remarketed on a Rate Determination Date. As an owner of 2023C Subordinated Bonds, the Remarketing Agent may sell 2023C Subordinated Bonds at varying prices, including at a discount to par, to different investors on a Rate Determination Date or any other date. The Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third party buyers for all of its 2023C Subordinated Bonds at the remarketing price.

## **The Ability to Sell the 2023C Subordinated Bonds Other Than Through the Tender Process May Be Limited**

While the Remarketing Agent may buy and sell 2023C Subordinated Bonds, it is not obligated to do so and may cease doing so at any time without notice. Thus, investors who purchase the 2023C Subordinated Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their 2023C Subordinated Bonds other than by tendering through the Trustee in accordance with the tender process.

The Bank may fail to purchase Tendered Bonds even though it is obligated to do so. In such an event, Tendered Bonds would be returned to the Holders thereof and bear interest at the Maximum Rate until such 2023C Subordinated Bonds can be remarketed. It is not certain that following a failure to purchase 2023C Subordinated Bonds, a secondary market for the 2023C Subordinated Bonds will develop.

## **Under Certain Circumstances, The Remarketing Agent May Be Removed, Resign or Cease Remarketing the 2023C Subordinated Bonds, Without a Successor Being Named.**

Under certain circumstances the Remarketing Agent may be removed or have the ability to resign or cease its remarketing efforts, without a successor having been named, subject to the terms of the Remarketing Agreement.

## **SECURITY FOR THE SUBORDINATED BONDS**

### **Limited Obligations; Pledge of Revenues**

The Subordinated Bonds, including the 2023C Subordinated Bonds, are revenue bonds and are not secured by the taxing power of SMUD. The principal of and premium, if any, and interest on the Subordinated Bonds (including the 2023C Subordinated Bonds), together with other Parity Subordinated Debt, are payable exclusively from the Net Subordinated Revenues of the Electric System of SMUD. The Subordinated Bonds and all other Parity Subordinated Debt are secured by a pledge of Revenues, subject to the condition that out of Revenues:

First: There shall be applied all sums required for maintenance and operation costs of the Electric System and all Energy Payments not included in maintenance and operation costs.



Second: There shall be applied all sums required for the payment of the principal of (including any premium thereon) and interest on the Senior Bonds and all other Parity Bonds, together with any sinking fund or reserve fund payments on the Senior Bonds and all other Parity Bonds.

Third: There shall be applied all sums required for the payment of the principal of (including any premium thereon) and interest on the Subordinated Bonds and all other Parity Subordinated Debt, together with any sinking fund or reserve fund payments on the Subordinated Bonds and all other Parity Subordinated Debt.

All remaining Revenues, after making the foregoing allocations, will be available to SMUD for all lawful SMUD purposes.

From time to time, SMUD may deposit in the Rate Stabilization Fund from such remaining Revenues such amounts as SMUD shall determine, provided that deposits in the Rate Stabilization Fund from remaining Revenues in any fiscal year may be made until (but not after) the date 120 days after the end of such fiscal year. SMUD may withdraw amounts from the Rate Stabilization Fund only for inclusion in Revenues for any fiscal year, such withdrawals to be made until (but not after) 120 days after the end of such fiscal year. All interest or other earnings upon deposits in the Rate Stabilization Fund shall be withdrawn therefrom and accounted for as Revenues. No deposit of Revenues to the Rate Stabilization Fund may be made to the extent such Revenues were included in any certificate submitted in connection with the issuance of additional bonds and withdrawal of the Revenues from the Revenues employed in rendering said certificate would have caused noncompliance with the additional bond provisions. See APPENDIX A – “RATES AND CUSTOMER BASE – Rates and Charges” for a description of the balance in the Rate Stabilization Fund.

Neither the credit nor the taxing power of SMUD is pledged to the payment of the Subordinated Bonds and the general fund of SMUD is not liable for the payment thereof. The owners of the Subordinated Bonds cannot compel the exercise of any taxing power of SMUD or the forfeiture of any of its property. The Subordinated Bonds are not a legal or equitable pledge, charge, lien or encumbrance upon any of SMUD’s property (including the Electric System) or upon any of its income, receipts or revenues except the Net Subordinated Revenues of the Electric System to the extent of the pledge thereof contained in the Subordinate Resolution.

### **Subordinate Pledge**

The Subordinated Bonds are subordinate in right of payment to the Senior Bonds and other Parity Bonds. As of March 31, 2025, Senior Bonds in the aggregate principal amount of \$1,898,985,000 were outstanding. The Senior Bonds are issued pursuant to the Senior Bond Resolution. [update with 2025 plan of finance] See APPENDIX E – “SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND RESOLUTION” for a description of certain provisions of the Senior Bond Resolution.

### **The Letter of Credit**

All payments of principal of and interest on the 2023C Subordinated Bonds, and the purchase price of 2023C Subordinated Bonds tendered for payment (to the extent not paid from the proceeds of the remarketing thereof), are to be made from amounts drawn under the Letter of Credit so long as such Letter of Credit remains in effect. See the caption “THE LETTER OF CREDIT AND THE REIMBURSEMENT AGREEMENT.”



## **No Reserve Fund**

No reserve fund has been or will be established or funded for the benefit of the 2023C Subordinated Bonds.

## **Rates and Charges**

SMUD has covenanted in the Subordinate Resolution to establish and at all times maintain and collect rates and charges for the sale or use of electric energy generated, transmitted, distributed or furnished by SMUD which, together with certain items of other income permitted under the Subordinate Resolution, will yield Revenues at least sufficient, with respect to the ensuing 12 months, to pay and provide for (1) all sums required for Maintenance and Operation Costs and Energy Payments not included in Maintenance and Operation Costs, (2) all payments with respect to Parity Bonds, and (3) the total amount required for the payment of principal and interest, together with any sinking fund or reserve fund payments, on the Subordinated Bonds and all Parity Subordinated Debt, in each case during such 12 months.

For purposes of the calculations of payments to be made pursuant to the Subordinate Resolution, the interest rates on Parity Bonds and Parity Subordinated Debt which bear a variable rate of interest or a rate subject to periodic adjustment or to being fixed at some date after issuance shall be, if such Parity Bonds and Parity Subordinated Debt bear a rate or rates of interest for a known period or periods of time, such rate or rates of interest for such period or periods and thereafter, for the portion of the calculation period not covered by such known period or periods, the Assumed Interest Rate.

For purposes of the above calculations of principal of and interest on Parity Bonds or Parity Subordinated Debt, if a Financial Products Agreement has been entered into by SMUD with respect to any Parity Bonds or Parity Subordinated Debt, interest on such Parity Bonds or Parity Subordinated Debt shall be included in the calculation of such principal and interest by including for each fiscal year or period an amount equal to the amount of interest payable on such Parity Bonds or Parity Subordinated Debt in such fiscal year or period at the rate or rates stated in such Parity Bonds or Parity Subordinated Debt plus any Financial Product Payments payable in such fiscal year or period minus any Financial Product Receipts receivable in such fiscal year or period; provided that in no event shall any calculation made pursuant to this clause result in a number less than zero being included in the calculation of such principal and interest.

For purposes of the above calculations of principal of and interest on Parity Bonds and Parity Subordinated Debt, Excluded Principal Payments shall be disregarded (but interest on the Parity Bonds and Parity Subordinated Debt to which such Excluded Principal Payments relate shall be included until but not after the stated due date when principal payments on such Parity Bonds and Parity Subordinated Debt are scheduled by their terms to commence) and Assumed Principal Payments and Assumed Interest Payments shall be included.

SMUD has full power to establish rates and charges for all SMUD services, and the levels of such rates are not subject to review or regulation by any other governmental agency, either federal or state.

See Appendix D hereto for the definitions of certain capitalized terms used in this section.

## **Limitations on Additional Obligations Payable from Net Subordinated Revenues**

The Subordinate Resolution provides that SMUD will not, so long as any Subordinated Bonds are outstanding, issue any obligations payable in whole or in part from Net Subordinated Revenues except the following:



(a) Refunding Subordinated Bonds issued to refund all or part of the Parity Bonds or Subordinated Bonds;

(b) Additional Parity Subordinated Debt (including additional Subordinated Bonds under the Subordinate Resolution and additional Parity Subordinated Debt), with an equal lien and charge upon the Net Subordinated Revenues, but only subject to the following conditions:

(1) SMUD shall not then be in default under the Senior Bond Resolution, the Subordinate Resolution or other resolutions authorizing the issuance of Parity Bonds or Parity Subordinated Debt payable out of Revenues; and

(2) SMUD shall certify to the Trustee (i) that Net Revenues, after completion of any improvements proposed to be financed by such additional Parity Subordinated Debt, will be sufficient to pay the principal of and interest (and bond reserve fund requirements, if any) on all Parity Bonds and Parity Subordinated Debt then outstanding and on such additional Parity Subordinated Debt; and (ii) that Net Revenues, for a period of 12 consecutive months during the 24 months immediately preceding the date upon which such Parity Subordinated Debt shall become outstanding, shall have been at least equal to 1.10 times the sum of (i) the annual interest on Parity Bonds and Parity Subordinated Debt, (ii) the principal amount of Parity Bonds and Parity Subordinated Debt falling due, and (iii) the amount of minimum sinking fund payments falling due on Parity Bonds and Parity Subordinated Debt, all as computed for the year in which such sum shall then be a maximum, including both then outstanding Parity Bonds and Parity Subordinated Debt and the Parity Subordinated Debt then proposed to be issued.

The calculation described above shall be made by taking the following into consideration:

(A) if rates and charges in effect on the date upon which such Parity Subordinated Debt will become outstanding will be greater than those in effect during the entire twelve months elected for the foregoing computation, then the Net Revenues for said period of twelve months may be augmented by the estimated increase in Net Revenues computed to accrue to the Electric System in the first twelve months during which such rates and charges shall be in effect;

(B) if such Parity Subordinated Debt or any portion thereof shall be issued for the purpose of acquiring an existing revenue-producing electric system, the estimated pro forma net revenues of such existing system (calculated on the basis of assumed SMUD ownership and operation during such period but otherwise on the basis of actual gross revenues of such existing system at the rates actually charged therefor) for the preceding twelve months may be added to the actual Net Revenues of the Electric System for the twelve months elected for said computation and treated as if actually received by the Electric System during those twelve months;

(C) for purposes of the above calculations of principal of and interest on Parity Subordinated Debt, Excluded Principal Payments shall be disregarded (but interest on the Parity Subordinated Debt to which such Excluded Principal Payments relate shall be included until but not after the stated due date when principal payments on such Parity Subordinated Debt are scheduled by their terms to commence) and Assumed Principal Payments and Assumed Interest Payments shall be included;

(D) for purposes of the above calculations, the interest rates on Parity Bonds and Parity Subordinated Debt which bear a variable rate of interest or a rate subject to periodic adjustment or to being fixed at some date after issuance shall be, if such Parity Bonds and Parity Subordinated Debt bear a rate or rates of interest for a known period or periods of time, such interest rate or rates



for such period or periods, and thereafter, for the portion of the calculation period not covered by such known period or periods, the Assumed Interest Rate; and

(E) For purposes of the above calculations of principal of and interest on Parity Bonds and Parity Subordinated Debt, if a Financial Products Agreement has been or is being entered into by SMUD with respect to any Parity Bonds or Parity Subordinated Debt, interest on such Parity Bonds or Parity Subordinated Debt shall be included in the calculation of such principal and interest by including for each fiscal year or period an amount equal to the amount of interest payable on such Parity Bonds or Parity Subordinated Debt in such fiscal year or period at the rate or rates stated in such Parity Bonds or Parity Subordinated Debt plus any Financial Product Payments payable in such fiscal year or period minus any Financial Product Receipts receivable in such fiscal year or period; provided that in no event shall any calculation made pursuant to this clause result in a number less than zero being included in the calculation of such principal and interest.

(c) Revenue bonds which are junior and subordinate to the payment of the principal, premium, interest and reserve fund requirements for the Subordinated Bonds and all Parity Subordinated Debt and which subordinated revenue bonds are payable as to principal, premium, and interest, and also reserve fund requirements, if any, only out of Net Subordinated Revenues after the prior payment of all amounts required to be paid under the Subordinate Resolution from Net Subordinated Revenues for principal, premium, interest and reserve fund requirements for the Subordinated Bonds and all Parity Subordinated Debt, as the same become due and payable.

## **THE LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT**

*The following is a summary of certain provisions of the Letter of Credit and the Reimbursement Agreement. This summary does not purport to be comprehensive. Reference should be made to the Letter of Credit and the Reimbursement Agreement for the complete text thereof, and the discussion herein is qualified by such reference. Investors are urged to obtain and review a copy of the Letter of Credit and Reimbursement Agreement in order to understand all of the terms thereof. Unless otherwise noted in this Remarketing Memorandum, all defined terms in this summary have the meanings ascribed to them in the Letter of Credit and Reimbursement Agreement. In the event of any conflict between a definition set forth herein and the corresponding definition set forth in the Letter of Credit or Reimbursement Agreement, the definition set forth in the Letter of Credit and Reimbursement Agreement shall control for purposes of this section. For information regarding the Bank, see APPENDIX H – “CERTAIN INFORMATION CONCERNING THE BANK.” The provisions of any substitute credit facilities and related liquidity or reimbursement agreements may be different from those summarized below.*

The Letter of Credit will be issued by the Bank pursuant to the Reimbursement Agreement dated as of [June 1], 2025 (the “Reimbursement Agreement”), between SMUD and the Bank. The provisions of any substitute credit facilities and related liquidity or reimbursement agreements may be different from those summarized below.

### **The Letter of Credit**

The Letter of Credit is an irrevocable transferable obligation of the Bank. The Letter of Credit will be issued in an amount equal to [\_\_\_\_\_] (the “Original Stated Amount”), having been calculated to be equal to (a) \$[132,020,000], the aggregate outstanding principal amount of the Bonds, plus (b) \$[\_\_\_\_\_] which is at least [\_\_\_\_\_] (\_\_\_\_\_) days’ accrued interest on said principal amount of the Bonds at the rate of twelve percent (12%) per annum calculated based on a year of 365 days and the actual number of days elapsed. The Original Stated Amount (i) less the amount of all prior reductions pursuant to Interest Drawings, Redemption Drawings or Liquidity Drawings, (ii) less the amount of any reduction thereof pursuant to a redemption drawing certificate or reduction certificate delivered by the Trustee to the Bank,



(iii) plus the amount of all reinstatements as provided in the Letter of Credit is herein referred to as the “*Available Amount*.” The Trustee, upon compliance with the terms of the Letter of Credit, is authorized to draw on the Letter of Credit up to the Available Amount to pay the principal of and accrued interest on, or the purchase price of the Bonds.

The Letter of Credit provides that the Bank will pay to the Trustee up to the Available Amount upon presentation by the Trustee to the Bank of payment documents indicating whether such draw is for the purpose of paying principal (upon redemption or maturity or upon acceleration), interest or the purchase price of the Bonds. Any Bonds purchased by the Bank pursuant to the terms of the Reimbursement Agreement shall thereupon become a Bank Bond and shall bear interest at the Bank Rate set forth in the Reimbursement Agreement.

The Available Amount under the Letter of Credit will be reduced automatically by the amount of any drawing thereunder; *provided, however*, that the amount of any Interest Drawing thereunder, less the amount of the reduction in the Available Amount attributable to interest as specified in a reduction certificate delivered by the Trustee to the Bank, shall be automatically reinstated on the Bank’s open of business on the fifth (5th) Business Day following the date such Interest Drawing is honored unless the Trustee has received a Default Notice from the Bank stating that the Bank has not been reimbursed in full for such Interest Drawing or that any Event of Default has occurred under the Reimbursement Agreement by the close of business on the fourth (4th) Business Day following the date such Interest Drawing is honored and as a consequence thereof the Letter of Credit will not be so reinstated and the Bank shall direct the Trustee to cause a mandatory tender of the Bonds, and thereby causing this Letter of Credit to expire ten (10) days following the Trustee’s receipt of such Default Notice. After payment by the Bank of a Liquidity Drawing, the obligation of the Bank to honor drawings under the Letter of Credit will be automatically reduced by an amount equal to the amount of such Liquidity Drawing. In addition, prior to the Mode Change Date, in the event of the remarketing of the Bonds (or portions thereof) previously purchased with the proceeds of a Liquidity Drawing, the Bank’s obligation to honor Drawings under the Letter of Credit will be automatically reinstated concurrently upon receipt by the Bank, of a reinstatement certificate from the Trustee, and receipt by the Bank of an amount equal to the amount stated on such reinstatement certificate.

No drawing under the Letter of Credit may be made for any (i) Bank Bonds, (ii) Bonds bearing interest at an interest rate other than the Daily Rate or Weekly Rate or (iii) Bonds owned by or on behalf of, or for the benefit of or for the account of, SMUD.

The Letter of Credit will expire on the earliest of (i) [\_\_\_\_], 2028 or such later date to which such Stated Expiration Date has been extended in accordance with the terms of the Letter of Credit, (ii) the earlier of (A) the date which is one (1) Business Day following the date (the “Mode Change Date”) on which the interest rate on all of the Bonds has been converted to a rate other than the Daily Rate or the Weekly Rate, as such Mode Change Date is specified in a certificate from the Trustee to the Bank, or (B) the date on which the Bank honors a drawing under the Letter of Credit on or after such Mode Change Date, (iii) the date of the Bank’s receipt from the Trustee of a Notice of Termination certificate stating that any of the following have occurred (A) no Bonds remain Outstanding within the meaning of the Subordinate Master Resolution and the Supplemental Resolution, (ii) all drawings required to be made under Subordinate Master Resolution and the Supplemental Resolution and available under the Letter of Credit have been made and honored, or (iii) an Alternate Liquidity Facility or Alternate Credit Enhancement (as such terms are defined in the Supplemental Resolution) has been issued to replace the Letter of Credit pursuant to the Subordinate Master Resolution and the Supplemental Resolution, (iv) the date the Bank honors (x) a Stated Maturity Drawing upon receipt by the Bank from the Trustee of a Stated Maturity Drawing Certificate or (y) an Acceleration Drawing upon receipt by the Bank from the Trustee of an Acceleration Drawing Certificate, and (v) the date which is ten (10) days following receipt by the Trustee of a written notice from the Bank following the Trustee’s receipt from the Bank of a fully executed



certificate specifying the occurrence of an Event of Default under the Reimbursement Agreement has occurred and that the Bank is terminating the Letter of Credit in accordance with its terms.

### **Events of Default**

The occurrence and continuance of one or more of the following events shall constitute an event of default under the Reimbursement Agreement (each, an “Event of Default”):

(a) SMUD shall fail to pay when due (i) the principal amount of any Drawing, Liquidity Advance or Bank Bonds; (ii) the interest on any Drawing, Liquidity Advance or Bank Bonds and such default shall continue unremedied for three (3) Business Days, or (iii) any other amounts due and owing under the Reimbursement Agreement or the Fee Agreement and such failure shall continue unremedied for a period of three (3) Business Days; or

(b) SMUD shall (i) default in the due performance or observance by it of any term, covenant or agreement contained in certain specified sections of the Reimbursement Agreement; (ii) default in the due performance or observance by it of any other term, covenant or agreement contained in certain specified sections of the Reimbursement Agreement and such default shall continue unremedied for a period of five (5) Business Days; (iii) default in the due performance or observance by it of any other terms, covenant or agreement contained in certain specified sections of the Reimbursement Agreement and such default shall continue unremedied for a period of five (5) Business Days after the Bank has provided written notice to SMUD; or (iv) default in the due performance or observance by it of any other term, covenant or agreement under the Reimbursement Agreement or under the Fee Agreement (other than those referred to in paragraph (a), (b)(i), (b)(ii) or (b)(iii) under this subheading “Events of Default”) and such default shall continue unremedied for a period of thirty (30) days; or

(c) Any representation, warranty, certification or statement made or deemed made by SMUD in the Reimbursement Agreement, any Program Document or in any certificate, financial statement or other document delivered to the Bank pursuant to the Reimbursement Agreement shall prove when made or deemed made, in the reasonable judgment of the Bank, to have been inaccurate and misleading in any material respect; or

(d) SMUD shall (i) default in any payment of (A) any Debt payable from or secured by all or any portion of the Net Revenues or Net Subordinated Revenues beyond the period of grace (not to exceed 30 days), if any, provided in the instrument or agreement under which such Debt was created or (B) any obligation under any Swap Contract the obligations under which are payable from or secured by a lien on all or any portion of the Net Revenues or Net Subordinated Revenues senior to or on a parity with the Bonds, Bank Bonds and Reimbursement Obligations, or (ii) default in the observance or performance of any agreement or condition relating to any Debt payable from or secured by all or any portion of the Net Revenues or Net Subordinated Revenues on parity with or senior to the Bonds, Bank Bonds and Reimbursement Obligations or Swap Contract or Bank Agreement the obligations under which are payable from or secured by all or any portion of the Net Revenues or Net Subordinated Revenues on parity with or senior to the Bonds, Bank Bonds and Reimbursement Obligations contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit (A) the holder or holders (or a trustee or agent on behalf of such holder or holders) of any Debt or (B) the counterparty under any Swap Contract or Bank Agreement, in each case, payable from or secured by all or any portion of the Net Revenues or Net Subordinated Revenues on parity with or senior to the Bonds and Bank Bonds to cause, with the giving of notice if required, such Debt or obligations under such Swap Contract or Bank Agreement to become due prior to its stated maturity; or (iii) any Debt payable from or secured by a lien on all or any portion of the Net Revenues or Net Subordinated Revenues senior to or on a parity with the Bonds, Bank Bonds and Reimbursement Obligations or Swap Contract or Bank Agreement the obligations under which are payable



from or secured by all or any portion of the Net Revenues or Net Subordinated Revenues on parity with or senior to the Bonds, Bank Bonds and Reimbursement Obligations shall be declared to be due and payable, or required to be prepaid other than by a regularly scheduled required prepayment, prior to the stated maturity thereof; or

(e) SMUD shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or in effect after the Closing Date or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of itself or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail to pay its debts as they become due, or shall take any action to authorize any of the foregoing; or

(f) An involuntary case or other proceeding shall be commenced against SMUD seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or in effect after the Closing Date or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property and such case or proceeding is not controverted within thirty (30) days and dismissed within sixty (60) days; or an order for relief shall be entered against SMUD under the Federal bankruptcy laws as now or in effect after the Closing Date; or

(g) (i) A court of competent jurisdiction or other governmental authority with appropriate jurisdiction over SMUD shall enter a final and non appealable judgment, order or decree declaring (x) any obligation of SMUD contained in the Reimbursement Agreement, any Program Document, the Senior Bond Resolution or the Bond Resolution or (y) any Program Document, the Senior Bond Resolution or the Bond Resolution (or any material provision thereof), in either case, to be invalid, not binding or unenforceable against SMUD or (ii) any action is taken by the SMUD Board or any officer of SMUD authorized by the SMUD Board to contest the validity or enforceability of the Reimbursement Agreement, any other Program Document, the Senior Bond Resolution or the Bond Resolution or, in each case, any material provision thereof, or the SMUD Board or any officer of SMUD authorized by the SMUD Board repudiates its obligations under any Program Document, the Senior Bond Resolution or the Bond Resolution or any provision thereof or with respect to any Debt of SMUD secured by or payable from Net Revenues or Net Subordinated Revenues senior to or on a parity with the Bonds and Bank Bonds, or SMUD shall seek an adjudication that the Reimbursement Agreement, any other Program Document, the Senior Bond Resolution or the Bond Resolution or, in each case, any material provision thereof is not valid and binding; or

(h) A moratorium or comparable extraordinary restriction shall have been imposed, declared or announced by SMUD or imposed, declared or announced in a finding or ruling or other determination by any Governmental Authority having jurisdiction over SMUD (whether or not in writing) with respect to any Debt of SMUD secured by Net Revenues or Net Subordinated Revenues senior to or on a parity with the Bonds, Bank Bonds and Reimbursement Obligations; or

(i) Dissolution or termination of the existence of SMUD; or

(j) Any of the funds or accounts established pursuant to the Senior Bond Resolution or the Bond Resolution or any funds or accounts on deposit, or otherwise to the credit of, such funds or accounts shall become subject to any stay, writ, judgment, warrant of attachment, execution or similar process by any of the creditors of SMUD relating to an obligation or obligations of SMUD in excess of \$10,000,000 and such stay, writ, judgment, warrant of attachment, execution or similar process shall not be released, vacated or stayed within fifteen (15) days after its issue or levy; or



(k) Any court of competent jurisdiction or other governmental entity with jurisdiction shall find or rule or otherwise determine that any pledge or security interest created by the Reimbursement Agreement, the Senior Bond Resolution or the Bond Resolution to secure the Bonds, the Bank Bonds or Reimbursement Obligations shall fail to be enforceable with the priority required under the Reimbursement Agreement or thereunder; or

(l) (i) Any event which materially and adversely affects the ability of SMUD to observe and perform its obligations under the Reimbursement Agreement or the Fee Agreement shall have occurred and be continuing, (ii) any event which materially and adversely affects the ability of SMUD to observe and perform its obligations under any SMUD Program Document, the Senior Bond Resolution or the Bond Resolution shall have occurred and be continuing or (iii) either the Senior Bond Resolution or the Bond Resolution shall be amended and such amendment materially and adversely affects the ability of SMUD to observe and perform its obligations under the Reimbursement Agreement or the Fee Agreement; or

(m) The (i) downgrade by any Rating Agency of its long term unenhanced rating with respect to any Bonds or any Parity Subordinated Debt to a level below “Baa1” (or its equivalent) in the case of Moody’s, “BBB+” (or its equivalent) in the case of S&P or “BBB+” (or its equivalent) in the case of Fitch or (ii) suspension or withdrawal by any Rating Agency of its respective long term unenhanced rating on any Bonds or any Parity Subordinated Debt for credit-related reasons; or

(n) An “event of default” (or similar event) shall have occurred under any of the Program Documents, the Senior Bond Resolution or the Subordinate Bond Resolution; or

(o) A court of competent jurisdiction shall enter a final and non appealable judgment, order or decree for the payment of money in excess of \$10,000,000 against SMUD and such judgment, order or decree shall continue unbonded or unsatisfied for a period of 60 days; or

(p) There shall be appointed or designated with respect to SMUD, an entity such as an organization, board, commission, authority, agency or body to declare a financial emergency or similar state of financial distress with respect to it or there shall be declared by it or by any legislative or regulatory body with competent jurisdiction over it, the existence of a state of financial emergency or similar state of financial distress in respect of it.

## **Remedies**

Upon the occurrence of an Event of Default under the Reimbursement Agreement, the Bank, in its sole discretion, may do any, none or all of the following:

(a) Deliver a written notice to the Trustee to cause a mandatory purchase of all Outstanding Bonds pursuant to the Supplemental Resolution, and stating that the Letter of Credit will terminate on the tenth (10th) day following the date of receipt by the Trustee of such notice;

(b) The Bank may by written notice to SMUD take any or all of the following actions, without prejudice to the rights of the Bank to enforce its claims against SMUD (provided, that, if an Event of Default specified in Section 6.1(e) or 6.1(f) hereof shall occur, the result which would occur upon the giving of written notice by the Bank to SMUD as specified above shall occur automatically without the giving of any such notice), declare the principal of and any accrued interest in respect of all Liquidity Advances and all other Obligations (other than the payment of the principal of and interest on Bank Bonds) owing under the Reimbursement Agreement to be, whereupon the same shall become, forthwith due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by SMUD;



(c) The Bank may, but shall not be obligated to, take such action as may be necessary to cure such Event of Default on behalf of and for the account of SMUD; or

(d) Exercise any rights and remedies available to the Bank at law, equity or under any Program Document.

### **SACRAMENTO MUNICIPAL UTILITY DISTRICT**

SMUD owns and operates an electric system that has provided retail electric service since 1946. SMUD's current service area is approximately 900 square miles, and includes the principal parts of Sacramento County and small portions of Placer and Yolo counties. For a full description of SMUD, its history, organization, operations, and financial performance, certain developments in the energy markets, certain factors affecting the electric utility industry, and certain regulatory and other matters, see APPENDIX A – "INFORMATION REGARDING SACRAMENTO MUNICIPAL UTILITY DISTRICT."

### **ABSENCE OF LITIGATION REGARDING THE 2023C SUBORDINATED BONDS**

SMUD is not aware of any action, suit or proceeding, threatened or pending, to restrain or enjoin the delivery of the 2023C Subordinated Bonds, or in any way contesting or affecting the validity of the 2023C Subordinated Bonds or any of the proceedings of SMUD taken with respect to the 2023C Subordinated Bonds. SMUD is not aware of any action, suit or proceeding, threatened or pending, questioning the corporate existence of SMUD, or the title of the officers of SMUD to their respective offices, or the power and authority of SMUD to deliver the 2023C Subordinated Bonds. For a description of certain litigation in which SMUD is involved, see APPENDIX A – "INFORMATION REGARDING SACRAMENTO MUNICIPAL UTILITY DISTRICT – LEGAL PROCEEDINGS."

### **REMARKETING**

PNC Capital Markets LLC (the "Remarketing Agent") is remarketing the 2023C Subordinated Bonds on a best efforts basis. The Remarketing Agent has no commitment to purchase any 2023C Subordinated Bonds, but is obligated to use its best efforts as agent to remarket the 2023C Subordinated Bonds. The Remarketing Agent receives compensation for its services in connection with the remarketing of 2023C Subordinated Bonds.

### **MUNICIPAL ADVISOR**

SMUD has retained PFM Financial Advisors LLC, as Municipal Advisor in connection with the remarketing of the 2023C Subordinated Bonds. The Municipal Advisor assumes no responsibility for the accuracy, completeness or fairness of the information contained in this Remarketing Memorandum. The Municipal Advisor is an independent advisory firm and is not engaged in underwriting or distribution of securities. The Municipal Advisor will receive compensation that is contingent upon the delivery of the 2023C Subordinated Bonds.

### **APPROVAL OF LEGAL PROCEEDINGS**

In connection with the remarketing of the 2023C Subordinated Bonds, certain legal matters will be passed on by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to SMUD. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Remarketing Memorandum. Certain legal matters will be passed on for the Remarketing Agent by Nixon Peabody LLP, counsel to the Remarketing Agent. Certain legal matters relating to the Letter of Credit will be passed upon for the Bank by Chapman and Cutler LLP.



## **FINANCIAL STATEMENTS**

SMUD's audited, consolidated financial statements for the years ended December 31, 2024 and December 31, 2023 are included in APPENDIX B attached to this Remarketing Memorandum. These financial statements have been audited by Baker Tilly US, LLP, Madison, Wisconsin (the "Auditor"), for the periods indicated and to the extent set forth in their report thereon and should be read in their entirety. SMUD has not requested nor did it obtain permission from the Auditor to include the audited, consolidated financial statements as an appendix to this Remarketing Memorandum. Accordingly, the Auditor has not performed any procedures to review the financial condition or operations of SMUD subsequent to the date of its report included therein, nor has it reviewed any information contained in this Remarketing Memorandum.

## **TAX MATTERS**

### **Original Opinion**

On June 22, 2023, Orrick, Herrington & Sutcliffe LLP, Bond Counsel to SMUD ("Bond Counsel"), in connection with the issuance of the 2023C Subordinated Bonds delivered its opinion (the "Original Opinion") to the effect that based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2023C Subordinated Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. The Original Opinion also stated that that interest on the 2023C Subordinated Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. In the Original Opinion, Bond Counsel observed that, for tax years beginning after December 31, 2022, interest on the 2023C Subordinated Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. A complete copy of the Original Opinion is set forth in APPENDIX F hereto.

In connection with the delivery of the Letter of Credit, Bond Counsel will deliver its opinion to the effect that such action will not, in and of itself, cause interest on the 2023C Subordinated Bonds to be included in gross income for purposes of federal income taxation. Bond Counsel will not render any opinion on the current tax status of the 2023C Subordinated Bonds.

### **General Considerations**

Notwithstanding the foregoing, investors should be aware of the following information:

2023C Subordinated Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2023C Subordinated Bonds. In connection with the initial issuance of the 2023C Subordinated Bonds, SMUD made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed



to ensure that interest on the 2023C Subordinated Bonds would not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the 2023C Subordinated Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 2023C Subordinated Bonds. The Original Opinion assumed the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the 2023C Subordinated Bonds may have adversely affected, or may adversely affect, the value of, or the tax status of interest on, the 2023C Subordinated Bonds. Accordingly, the Original Opinion was and is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel delivered the Original Opinion to the effect that interest on the 2023C Subordinated Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the 2023C Subordinated Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the 2023C Subordinated Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the 2023C Subordinated Bonds. Prospective purchasers of the 2023C Subordinated Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The Original Opinion was based on legal authority as of the date of its delivery, covered certain matters not directly addressed by such authorities, and represented Bond Counsel's judgment as to the proper treatment of the 2023C Subordinated Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of SMUD after the date of the Original Opinion, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. SMUD has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's original engagement with respect to the tax status of the 2023C Subordinated Bonds ended with the issuance of the 2023C Subordinated Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend SMUD or the Beneficial Owners regarding the tax-exempt status of the 2023C Subordinated Bonds in the event of an audit examination by the IRS. Under current procedures, Beneficial Owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which SMUD legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the 2023C Subordinated Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the 2023C Subordinated Bonds, and may cause SMUD or the Beneficial Owners to incur significant expense.



Payments on the 2023C Subordinated Bonds generally will be subject to U.S. information reporting and possibly to “backup withholding.” Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate Beneficial Owner of 2023C Subordinated Bonds may be subject to backup withholding with respect to “reportable payments,” which include interest paid on the 2023C Subordinated Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the 2023C Subordinated Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number (“TIN”) to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a “notified payee underreporting” described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a Beneficial Owner’s federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain Beneficial Owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

### **CONTINUING DISCLOSURE UNDERTAKING**

Pursuant to the Continuing Disclosure Agreement, SMUD covenanted for the benefit of the holders and the “Beneficial Owners” (as defined in the Continuing Disclosure Agreement) of the 2023C Subordinated Bonds to provide certain financial information and operating data relating to SMUD by not later than 180 days after the end of each of SMUD’s fiscal years (presently, each December 31) (the “Annual Report”), and to provide notices of the occurrence of certain listed events with respect to the 2023C Subordinated Bonds. The Annual Report is filed by or on behalf of SMUD with the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access system (“EMMA”). Any notices of such listed events will be filed by or on behalf of SMUD with the MSRB through EMMA. The specific nature of the information to be contained in the Annual Report and the notices of listed events are set forth in the Continuing Disclosure Agreement, which copy is included in its entirety in APPENDIX G hereto. SMUD’s covenant was made in order to assist the original underwriters of the 2023C Subordinate Bonds in complying with Securities and Exchange Commission Rule 15c2-12.

In a limited number of circumstances, certain of the annual reports, audited financial statements or listed event filings required to be made by SMUD during the last five years under its continuing disclosure undertakings were not connected to all of the CUSIP numbers of the bonds subject to the continuing disclosure undertakings. In addition, SMUD entered into two subordinated forward starting interest rate swaps in December 2019 and filed a notice of the interest rate swaps with the MSRB through EMMA in April 2020. In a limited number of circumstances during the last five years, SMUD has filed notices of ratings upgrades with respect to certain bonds later than the time required for such filings under its continuing disclosure undertakings for such bonds.

### **RATINGS**

Fitch Ratings, Inc. (“Fitch”) and S&P Global Ratings (“S&P”) are expected to assign ratings of “[ / ]” and “[ / ]”, respectively, to the 2023C Subordinated Bonds based on the issuance by the Bank of the Letter of Credit upon delivery of the 2023C Subordinated Bonds. See APPENDIX H – “CERTAIN INFORMATION CONCERNING THE BANK” for more information related to the Bank. Fitch and S&P have assigned underlying ratings of “[ ]” and “[ ]”, respectively, to the 2023C Subordinated Bonds based solely upon the credit standing of SMUD.

Such ratings reflect only the views of such organizations and are not a recommendation to buy, sell or hold the 2023C Subordinated Bonds. Explanations of the significance of such ratings may be obtained only from the respective rating agencies. SMUD and the Bank have furnished to Fitch and S&P certain



information and materials concerning the 2023C Subordinated Bonds and themselves. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such ratings will continue for any given period or that they will not be revised downward, suspended or withdrawn entirely by the respective rating agencies, if in the judgment of such rating agency, circumstances so warrant. SMUD has not, other than as described under “CONTINUING DISCLOSURE UNDERTAKING” above, and the Remarketing Agent has not undertaken any responsibility either to bring to the attention of the holders or beneficial owners of the 2023C Subordinated Bonds any proposed revision, suspension or withdrawal of any rating on the 2023C Subordinated Bonds or to oppose any such proposed revision, suspension or withdrawal. Any such downward revision, suspension or withdrawal of such ratings may have an adverse effect on the market price or marketability of the 2023C Subordinated Bonds.

### **MISCELLANEOUS**

This Remarketing Memorandum includes descriptions of the terms of the 2023C Subordinated Bonds, power purchase agreements with certain other parties, pooling and other agreements, the Subordinate Resolution and certain provisions of the Act. Such descriptions do not purport to be complete, and all such descriptions and references thereto are qualified in their entirety by reference to each such document.

Copies of the Subordinate Resolution, which forms a contract with the Holders of the 2023C Subordinated Bonds, will be made available upon request.



This Remarketing Memorandum has been duly authorized by the Board of Directors of SMUD.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By: /s/ Paul Lau  
Chief Executive Officer and General Manager



**APPENDIX A**  
**INFORMATION REGARDING SACRAMENTO MUNICIPAL UTILITY DISTRICT**



## **APPENDIX B**

### **2024 AND 2023 CONSOLIDATED FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT ACCOUNTANTS**



## **APPENDIX C**

### **BOOK-ENTRY SYSTEM**

The information in this Appendix regarding DTC has been provided by DTC, and SMUD takes no responsibility for the accuracy or completeness thereof. SMUD cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute the Beneficial Owners either (a) payments of interest or principal with respect to the 2023C Subordinated Bonds or (b) certificates representing ownership interest in or other confirmation of ownership interest in the 2023C Subordinated Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Remarketing Memorandum.

The Depository Trust Company (“DTC”) New York, NY, will act as securities depository for the 2023C Subordinated Bonds. The 2023C Subordinated Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond certificate will be issued for the 2023C Subordinated Bonds in the aggregate principal amount of the 2023C Subordinated Bonds, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others, such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the 2023C Subordinated Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2023C Subordinated Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2023C Subordinated Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2023C Subordinated Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their beneficial ownership interests in the 2023C Subordinated



Bonds, except in the event that use of the book-entry system for the 2023C Subordinated Bonds is discontinued.

To facilitate subsequent transfers, all 2023C Subordinated Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of the 2023C Subordinated Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2023C Subordinated Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2023C Subordinated Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the 2023C Subordinated Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2023C Subordinated Bonds, such as redemptions, tenders, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of the 2023C Subordinated Bonds may wish to ascertain that the nominee holding the 2023C Subordinated Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

Redemption notices shall be sent to DTC. If less than all of the 2023C Subordinated Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the 2023C Subordinated Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2023C Subordinated Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to SMUD as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2023C Subordinated Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, redemption proceeds and interest payments on the 2023C Subordinated Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from SMUD or the Trustee, on a payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participants and not of DTC, its nominee, the Trustee or SMUD, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, redemption proceeds and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of the Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its 2023C Subordinated Bonds purchased or tendered, through its Participant, to the Remarketing Agent, and shall effect delivery of such 2023C Subordinated Bonds by causing the Direct Participant to transfer the Participant's interest in the 2023C



Subordinated Bonds, on DTC's records, to the Remarketing Agent. The requirement of physical delivery of 2023C Subordinated Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the 2023C Subordinated Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered 2023C Subordinated Bonds to the Remarketing Agent's DTC account.

DTC may discontinue providing its services as depository with respect to the 2023C Subordinated Bonds at any time by giving reasonable notice to SMUD or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

SMUD may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond certificates for such 2023C Subordinated Bonds will be printed and delivered to DTC.

**Neither SMUD or the Trustee will have any responsibility or obligation to Participants, to Indirect Participants or to any Beneficial Owner with respect to (i) the accuracy of any records maintained by DTC, any Participant, or any Indirect Participant; (ii) the payment by DTC or any Participant or Indirect Participant of any amount with respect to the principal of or premium, if any, or interest on the 2023C Subordinated Bonds; (iii) any notice which is permitted or required to be given to Holders under the Resolution; (iv) the selection by DTC, any Participant or any Indirect Participant of any person to receive payment in the event of a partial redemption of 2023C Subordinated Bonds; (v) any consent given or other action taken by DTC as Bondholder; or (vi) any other procedures or obligations of DTC, Participants or Indirect Participants under the book-entry system.**



## **APPENDIX D**

### **SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE RESOLUTION**

The following is a summary of certain provisions of the Subordinate Resolution. Other provisions of the Subordinate Resolution are described under the caption “SECURITY FOR THE SUBORDINATED BONDS.” This summary is not to be considered a full statement of the terms of the Subordinate Resolution and accordingly is qualified by reference thereto and is subject to the full text thereof. Capitalized terms not otherwise defined in this Remarketing Memorandum shall have the meanings ascribed thereto in the Subordinate Resolution.

#### **Certain Definitions**

“Assumed Interest Payments” means, for any fiscal year or period, interest which would accrue during such fiscal year or period on an amount equal to the then unamortized balance of the remaining sum of Assumed Principal Payments and at the interest rate on the date of such calculation on the Parity Subordinated Debt to which such Assumed Principal Payments relate.

“Assumed Interest Rate” for any Parity Bond or Parity Subordinated Debt means, for any fiscal year or period, the interest rate thereon on the date of such calculation.

“Assumed Principal Payments” means for any fiscal year or period the sum of the following amounts falling within such fiscal year or period: each Excluded Principal Payment amortized equally over the years (pro rata in the case of a partial year) in the period commencing on the stated due date for such Excluded Principal Payment and ending on the date 30 years from the date of issuance of the Parity Subordinated Debt to which such Excluded Principal Payment relates.

“Bond Debt Service” means all amounts required to be paid under the Subordinate Resolution from Net Revenues for principal, interest and reserve fund requirements on the Senior Bonds and all Parity Bonds then outstanding, as the same become due and payable.

“Defeasance Securities” shall mean and include any of the following securities, if and to the extent the same are at the time legal for investment of SMUD’s funds:

- (i) any bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America, including obligations of any of the federal agencies set forth in clause (iii) below to the extent unconditionally guaranteed by the United States of America;

- (ii) any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (a) which are not callable prior to maturity or as to which irrevocable instructions have been given to the trustee of such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified in such instructions, (b) which are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described in the clause (i) above which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (ii), as appropriate, and (c) as to which the principal of and interest on the bonds and obligations of the character described in the clause (i) above which have been deposited in such fund along with any cash on deposit in such



fund are sufficient to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (ii) on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (ii), as appropriate;

(iii) bonds, debentures, or other evidences of indebtedness issued or guaranteed by any agency or corporation which has been or may thereafter be created pursuant to an Act of Congress as an agency or instrumentality of the United States of America; and

(iv) with respect to the defeasance of any particular series of Bonds, any other securities specified in the Supplemental Resolution providing for their issuance.

“Electric System” and “Enterprise” means the entire electric system of SMUD, together with all additions, betterments, extensions and improvements to said system or any part thereof. The entire electric system of SMUD shall be deemed to be and to constitute a single unified and integrated system for the furnishing of electric energy to consumers of SMUD and a single enterprise. The terms “Electric System” and “Enterprise” shall have the same meaning and may be used interchangeably.

“Energy Payments” means, when used with respect to the Electric System, all actual costs incurred, or charges made therefor, by SMUD in any particular fiscal year or period to which said term is applicable for purchased power (including power purchased from any special district included within the boundaries of SMUD), electric and thermal energy and capacity and under contracts providing for payments by SMUD for electric or thermal energy or capacity whether or not such energy or capacity is delivered or capable of being delivered or otherwise made available to or received by or for the account of SMUD.

“Excluded Principal Payments” shall mean each payment of principal of Parity Subordinated Debt which the Board of Directors of SMUD determines (on a date not later than the date of issuance of such Parity Subordinated Debt) that SMUD intends to pay with moneys which are not Revenues. No such determination shall affect the security for such Parity Subordinated Debt or the obligation of SMUD to pay such payments from Revenues.

“Financial Products Agreement” means an interest rate swap, cap, collar, option, floor, forward or other hedging agreement, arrangement or security, however denominated, entered into by SMUD with a Qualified Provider not for investment purposes but with respect to specific Parity Bonds, Subordinated Bonds or Parity Subordinated Debt for the purpose of (1) reducing or otherwise managing SMUD’s risk of interest rate changes or (2) effectively converting SMUD’s interest rate exposure, in whole or in part, from a fixed rate exposure to a variable rate exposure, or from a variable rate exposure to a fixed rate exposure.

“Financial Product Payments” means payments periodically required to be paid to a counterparty by SMUD pursuant to a Financial Products Agreement. For the purpose of complying with any coverage test under the Subordinate Resolution, SMUD (or its consultant) may assume, with respect to any prospective Financial Product Payments that may adjust or vary pursuant to the terms of the related Financial Products Agreement, that the index or benchmark upon which the prospective Financial Product Payments are based shall be fixed for the prospective calculation period at the lesser of (a) the index or benchmark in effect as of the date of calculation, or (b) average rate of such index or benchmark over the most recent twelve calendar months preceding the date of calculation. If a twelve-month average index or benchmark as described in clause (b) is not calculable due to insufficient historic data or other reasons, SMUD (or its consultant) shall use the index or benchmark in effect as of the date of calculation.



“Financial Product Receipts” means amounts periodically required to be paid to SMUD by a counterparty pursuant to a Financial Products Agreement. For the purpose of complying with any coverage test under the Subordinate Resolution, SMUD (or its consultant) may assume, with respect to any prospective Financial Product Receipts that may adjust or vary pursuant to the terms of the related Financial Products Agreement, that the index or benchmark upon which the prospective Financial Product Receipts are based shall be fixed for the prospective calculation period at the lesser of (a) the index or benchmark in effect as of the date of calculation, or (b) average rate of such index or benchmark over the most recent twelve calendar months preceding the date of calculation. If a twelve-month average index or benchmark as described in clause (b) is not calculable due to insufficient historic data or other reasons, SMUD (or its consultant) shall use the index or benchmark in effect as of the date of calculation.

“Maintenance and Operation Costs” means, when used with respect to the Electric System, all actual maintenance and operation costs incurred, or charges made therefor, by SMUD in any particular fiscal year or period to which said term is applicable, but only if said charges are made in conformity with generally accepted accounting principles, and exclusive in all cases of depreciation or obsolescence charges or reserves therefor, amortization of intangibles or other bookkeeping entries of a similar nature, and also exclusive of all interest charges and charges for the payment of principal, or amortization, of bonded or other indebtedness of SMUD.

Such maintenance and operation costs of the Electric System include, generally, purchased power (including power purchased from any special district included within the boundaries of SMUD), and such part of the cost of fuel of any type or character (including nuclear fuel), taxes, salaries and wages, fees for services, materials and supplies, rents, office supplies and all other costs as are charged directly or apportioned to the operation and maintenance of the generation, transmission and distribution system, customer accounts, sales and administrative functions, or to the general operation of SMUD. Said term does not include costs, or charges made therefor, for capital additions, replacements, betterments, extensions or improvements to or retirements from the Electric System, which under generally accepted accounting principles are properly chargeable to the capital account or the reserve for depreciation, and does not include losses from the sale, abandonment, reclassification, revaluation or other disposition of any properties of SMUD nor such property items, including taxes and fuel, which are capitalized pursuant to the then existing accounting practice of SMUD.

“Net Revenues” for any fiscal period means the sum of (a) the Revenues for such fiscal period plus (b) the amounts, if any, withdrawn by SMUD from the Rate Stabilization Fund for treatment as Revenues for such fiscal period, less the sum of (c) all Maintenance and Operation Costs for such fiscal period, (d) all Energy Payments for such fiscal period not included in Maintenance and Operation Costs for such fiscal period, and (e) the amounts, if any, withdrawn by SMUD from Revenues for such fiscal period for deposit in the Rate Stabilization Fund pursuant to the Subordinate Resolution.

“Net Subordinated Revenues” means Net Revenues less Bond Debt Service.

“Parity Bonds” includes the Senior Bonds and all revenue bonds issued on a parity with the Senior Bonds as provided or permitted in the Senior Bond Resolution. No Parity Bonds (other than the Senior Bonds) are currently outstanding.

“Parity Subordinated Debt” means the Subordinated Bonds and all revenue bonds of SMUD having an equal lien and charge upon Net Subordinated Revenues and therefore payable on a parity with the Subordinated Bonds and junior to the Parity Bonds.



“Qualified Provider” means any counterparty to a Financial Products Agreement if the unsecured long-term debt obligations of such counterparty (or of the parent or a subsidiary of such counterparty if such parent or subsidiary unconditionally guarantees the performance of such counterparty under such Financial Products Agreement and the Trustee receives an opinion of counsel to the effect that such guarantee is a valid and binding agreement of such parent or subsidiary), or obligations secured or supported by a letter of credit, contract, guarantee, agreement, insurance policy or surety bond issued by such counterparty (or such guarantor parent or subsidiary), are rated in one of the three highest rating categories of a national rating agency (without regard to any gradation or such rating category) at the time of the execution and delivery of the Financial Products Agreement.

“Revenues” means all charges received for, and all other income and receipts derived by SMUD from, the operation of the Electric System, or arising from the Electric System, including income derived from the sale or use of electric energy generated, transmitted or distributed by any facilities of the Electric System, together with any receipts derived from the sale of any property pertaining to the Electric System or incidental to the operation of the Electric System or from any services performed by SMUD in connection with or incidental to the Electric System, or from any other source whatsoever directly or indirectly derived from the Electric System, but exclusive in every case of any moneys derived from the levy or collection of taxes upon any taxable property in SMUD.

The term “Revenues” also includes any income or revenues derived from the wholesale sale of water developed by the White Rock Project (as defined in Resolution No. 4775), or the Upper American River Project (as defined in Resolution No. 4938), but does not include revenues or income derived from the retail distribution of water through any distribution facility thereafter acquired by SMUD.

The term “Revenues” also includes all interest, profits or other income derived from the investment of any moneys in any fund or account established under the Subordinate Resolution or the Senior Bond Resolution.

### **Additional Covenants**

The Subordinate Resolution contains the following additional covenants, among others:

- (a) That the Electric System will be maintained in good repair, working order and condition at all times, and will be continuously operated in an efficient and economical manner.
- (b) That SMUD will comply with all lawful orders of any governmental agency or authority having jurisdiction in the premises (except while the validity or application thereof is being contested in good faith).
- (c) That proper records and accounts will be maintained of all transactions relating to the Electric System and the Revenues (open to inspection by the Trustee and the Holders of not less than 10 percent in principal amount of the Subordinated Bonds), to be audited annually by an independent certified public accountant within 90 days after close of the fiscal year, and copies of such financial statements supplied to Bondholders on request.

### **Tax Covenants**

SMUD agrees in the Subordinate Resolution not to take any action which would result in interest on the 2023C Subordinated Bonds not being excluded from gross income for federal income tax purposes. SMUD also agrees to establish a separate Rebate Fund for the 2023C Subordinated Bonds and to deposit therein such amounts as are necessary to make the required rebate payments to the United States



Government under the Internal Revenue Code of 1986. Such deposits will be made from any Revenues legally available to SMUD after payment of maintenance and operation costs and Energy Payments, principal of and interest on the Parity Bonds, principal of and interest on the Subordinated Bonds, and any other obligations secured by the Revenues. Amounts in the Rebate Fund, and any earnings thereon, shall be paid to the United States Government as provided in the Tax Certificate.

### **Amendment of the Subordinate Resolution**

The Subordinate Resolution and the rights and obligations of SMUD and of the Holders of the Subordinated Bonds may be modified or amended at any time pursuant to the affirmative vote at a meeting of Bondholders, or with the written consent without a meeting, of the Holders of 60% in aggregate principal amount of the Subordinated Bonds then outstanding, provided that no such modification or amendment shall (i) extend the fixed maturity of any Subordinated Bond, or reduce the principal amount thereof, or reduce the rate or extend the time of payment of interest thereon or reduce any premium payable upon the redemption thereof, without the consent of the Holder of each Subordinated Bond so affected, or (ii) reduce the aforesaid percentage of Subordinated Bonds required for consent to an amendment or modification, without the consent of the Holders of all the Subordinated Bonds then outstanding. Modifications or amendments may be made, without the consent of any Bondholders, to add covenants of SMUD or to surrender rights reserved by SMUD in the Subordinate Resolution, to cure ambiguities or defective or inconsistent provisions or in regard to questions arising under the Subordinate Resolution without adversely affecting the interests of the Bondholders, or to provide for the issuance of a Series of Subordinated Bonds, subject to the provisions contained in the Subordinate Resolution with respect thereto.

### **Events of Default and Remedies of Bondholders**

*Events of Default.* The Subordinate Resolution declares each of the following to be an event of default:

(a) Failure to pay the principal of and premium on any Subordinated Bond when due and payable;

(b) failure to pay any installment of interest on any Subordinated Bond when due and payable, if such default continues for a period of 30 days;

(c) if the principal of any Parity Bonds shall be declared to be due and payable on account of the occurrence of a default under or breach of the terms thereof or the Senior Bond Resolution or a similar instrument; and

(d) if, under the provisions of any law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of SMUD or of the whole or any substantial part of its property, and such custody or control shall not be terminated or stayed within 60 days.

then and in each and every case during the continuance of such event of default, the Trustee or the Holders of not less than a majority in aggregate principal amount of the Subordinated Bonds at the time outstanding shall be entitled, upon notice in writing to SMUD, to declare the principal of all of the Subordinated Bonds then outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in the Subordinate Resolution or in the Subordinated Bonds contained to the contrary notwithstanding.



*Trustee to Represent Subordinated Bondholders.* The Trustee is appointed as trustee to represent the Subordinated Bondholders in the matter of exercising and prosecuting on their behalf such rights and remedies as may be available to such Holders under the provisions of the Subordinated Bonds and the Subordinate Resolution, as well as under the Act or other provisions of applicable law. Upon any default or other occasion giving rise to a right of the Trustee to represent the Subordinated Bondholders, the Trustee may take such action as may seem appropriate to it, and, upon the request in writing of the Holders of twenty-five percent (25%) in aggregate principal amount of the Subordinated Bonds then outstanding, which request shall specify such default or occasion and the action to be taken by the Trustee, and upon being furnished with indemnity satisfactory to it, the Trustee shall take such action on behalf of the Bondholders as may have been requested.

*Remedies.* In case one or more of the events of default shall happen, then and in every such case the Holder of any Subordinated Bond at the time outstanding shall be entitled to proceed to protect and enforce the rights vested in such Holder by the Subordinate Resolution by such appropriate judicial proceeding as such Holder shall deem most effectual to protect and enforce any such right, either by suit in equity or by action at law, whether for the specific performance of any covenant or agreement contained in the Subordinate Resolution, or in aid of the exercise of any powers granted in the Subordinate Resolution, or to enforce any other legal or equitable right vested in the Holders of Subordinated Bonds by the Subordinate Resolution or by law

*Distribution of Assets.* Upon any distribution of assets of SMUD upon any dissolution, winding up, liquidation or reorganization of SMUD, whether in bankruptcy, insolvency, reorganization or receivership proceedings or upon an assignment for the benefit of creditors or any other marshalling of the assets and liabilities of SMUD or upon any acceleration of maturity of the Subordinated Bonds by declaration or otherwise,

(a) the holders of all Parity Bonds shall first be entitled to receive payment in full of the principal thereof (and premium, if any) and interest due thereon, or provision shall be made for such payment in cash, before the Holders of the Subordinated Bonds are entitled to receive any payment on account of the principal of (or premium, if any) or interest on the indebtedness evidenced by the Subordinated Bonds;

(b) any payment by, or distribution of assets of, SMUD of any kind or character, whether in cash, property or securities, to which the Holders of the Subordinated Bonds or the Trustee would be entitled except for the provisions of the Subordinate Resolution shall be paid or delivered by the person making such payment or distribution, whether a trustee in bankruptcy, a receiver or liquidating trustee or otherwise, directly to the holders of Parity Bonds or their representative or representatives or to the trustee or trustees under the Senior Bond Resolution or any similar instrument under which any instruments evidencing any of such Parity Bonds may have been issued, ratably according to the aggregate amounts remaining unpaid on account of the Parity Bonds held or represented by each, to the extent necessary to make payment in full of all Parity Bonds remaining unpaid after giving effect to any concurrent payment or distribution (or provision therefor) to the holders of such Parity Bonds; and

(c) in the event that, notwithstanding the foregoing, any payment by, or distribution of assets of, SMUD of any kind or character, whether in cash, property or securities shall be received by the Trustee or the Holders of the Subordinated Bonds before all Parity Bonds are paid in full, such payment or distribution shall be held in Trust for the benefit of, and shall be paid over to the holders of such Parity Bonds or their representative or representatives or to the trustee or trustees under the Subordinate Resolution or any similar instrument under which any instruments evidencing any of such Parity Bonds may have been issued, ratably as aforesaid, for application to the payment of all Parity Bonds remaining unpaid until all



such Parity Bonds shall have been paid in full, after giving effect to any concurrent payment or distribution (or provision therefor) to the holders of such Parity Bonds.

**Discharge of Subordinate Resolution**

The Subordinate Resolution may be discharged by depositing with the Trustee in trust, moneys or Defeasance Securities, in such amount as the Trustee shall determine will, together with the interest to accrue thereon, be fully sufficient to pay and discharge the indebtedness on all Subordinated Bonds at or before their respective maturity dates.



## **APPENDIX E**

### **SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND RESOLUTION**

The following is a summary of certain provisions of the Senior Bond Resolution. This summary is not to be considered a full statement of the terms of the Senior Bond Resolution and accordingly is qualified by reference thereto and is subject to the full text thereof. Capitalized terms not otherwise defined in this Remarketing Memorandum shall have the meanings ascribed thereto in the Senior Bond Resolution.

Between July 1997 and August 2003, SMUD received consents to amend the Senior Bond Resolution from the owners of the requisite percentage of Outstanding Senior Bonds. Pursuant to the authority granted by such consents, SMUD amended the Senior Bond Resolution in October 2003 by adopting the Forty-Eighth Supplemental Resolution and the Forty-Ninth Supplemental Resolution. The following summary of the Senior Bond Resolution reflects such amendments.

#### **Certain Definitions**

“Energy Payments” means, when used with respect to the Electric System, all actual costs incurred, or charges made therefor, by SMUD in any particular fiscal year or period to which said term is applicable for purchased power (including power purchased from any special district included within the boundaries of SMUD), electric and thermal energy and capacity under contracts providing for payments by SMUD for electric or thermal energy or capacity whether or not such energy or capacity is delivered or capable of being delivered or otherwise made available to or received by or for the account of SMUD.

“Net Revenues” for any fiscal period means the sum of (a) the Revenues for such fiscal period plus (b) the amounts, if any, withdrawn by SMUD from the Rate Stabilization Fund for treatment as Revenues for such fiscal period, less the sum of (c) all Maintenance and Operation Costs for such fiscal period, (d) all Energy Payments for such fiscal period not included in Maintenance and Operation Costs for such fiscal period, and (e) the amounts, if any, withdrawn by SMUD from Revenues for such fiscal period for deposit in the Rate Stabilization Fund pursuant to the Senior Bond Resolution.

“Parity Bonds” includes the Senior Bonds and all revenue bonds issued on a parity with the Senior Bonds as provided or permitted in the Senior Bond Resolution. No Parity Bonds (other than the Senior Bonds) are currently outstanding.

“Revenues” means all charges received for, and all other income and receipts derived by SMUD from, the operation of the Electric System, or arising from the Electric System, including income derived from the sale or use of electric energy generated, transmitted or distributed by any facilities of the Electric System, together with any receipts derived from the sale of any property pertaining to the Electric System or incidental to the operation of the Electric System or from any services performed by SMUD in connection with or incidental to the Electric System, or from any other source whatsoever directly or indirectly derived from the Electric System, but exclusive in every case of any moneys derived from the levy or collection of taxes upon any taxable property in SMUD.

The term “Revenues” also includes any income or revenues derived from the wholesale sale of water developed by the White Rock Project (as defined in Resolution No. 4775), or the Upper American River Project (as defined in Resolution No. 4938), but does not include revenues or income derived from the retail distribution of water through any distribution facility thereafter acquired by SMUD. The term “Revenues” also includes all interest, profits or other income derived from the investment of any moneys in any fund or account established under the Senior Bond Resolution.



## **Allocation of Revenues**

After making an allocation of Revenues to Maintenance and Operation Costs and to Energy Payments not included in Maintenance and Operation Costs, the Treasurer of SMUD is required (subject to the last paragraph of this section) to set aside, on an equal priority with sums set aside for all other Parity Bonds, Net Revenues as follows:

First: To the Electric Revenue Bond Interest Fund, in approximately equal monthly installments on or before the first day of each month, an amount equal to at least one-fifth (1/5) of the aggregate amount of interest becoming due on the Senior Bonds on the next succeeding semiannual interest payment date, until an amount sufficient to meet said interest payment is accumulated.

Second: To the Electric Revenue Bond Redemption Fund, to be set aside in the Principal Account and Sinking Fund, respectively, in approximately equal monthly installments on or before the first day of each month, an amount equal to at least one-tenth (1/10) of the aggregate amount of principal becoming due on serial Senior Bonds and the aggregate minimum sinking fund payments required to be made with respect to term Senior Bonds during the next ensuing 12 months, until an amount sufficient to meet the principal and sinking fund requirements on all Senior Bonds outstanding is accumulated in said accounts, respectively.

Third: To the Electric Revenue Bond Reserve Fund, such amounts as any supplemental resolution authorizing the issuance of a series of Senior Bonds may require to build up and maintain said fund.

If interest on Senior Bonds of a series or maturity is payable more frequently than semiannually, the Treasurer of SMUD shall set aside out of Net Revenues in the Interest Fund such amounts as may be required to pay interest on the Senior Bonds of such series or maturity on each interest payment date at least one month prior to such interest payment date. Allocation to the Electric Revenue Bond Redemption Fund and Electric Revenue Bond Reserve Fund shall be made as set forth above.

All remaining Revenues, after making the foregoing allocations, will be available to SMUD for all lawful SMUD purposes. Such remaining Revenues will be used for the purpose of, among other things, making any required deposits to the Rebate Fund. See "Tax Covenants."

## **Reserve Fund**

The Electric Revenue Bond Reserve Fund is a parity reserve fund for the equal benefit of all Parity Bonds outstanding. Moneys in such fund (except any excess over the required balance which may be withdrawn and used for any SMUD use) shall be used solely for the purpose of making good any deficiency in any fund established for the payment of interest, principal or sinking fund payments pursuant to the Senior Bond Resolution or any resolution authorizing the issuance of any Parity Bonds.

The Electric Revenue Bond Reserve Fund is required to be maintained in an amount such that the amount in the combined reserve funds of all Parity Bonds then outstanding will at no time be less than the current annual interest requirements on all then outstanding Parity Bonds (except bonds for which payment has been provided in advance). If SMUD's debt service ratio in any fiscal year (the ratio of Net Revenues



during said fiscal year to maximum annual debt service during the period of three fiscal years next following said fiscal year on all Parity Bonds then outstanding) shall fall below 1.40, there shall be set aside in the reserve funds from the first available Net Revenues not less than 15 percent of the total current monthly interest requirements of all Parity Bonds until the debt service ratio again exceeds 1.40, or until the aggregate amount on deposit in the reserve funds is equal to the maximum annual debt service on all Parity Bonds, whichever occurs first. The combined reserve funds cannot be required to exceed the maximum annual debt service on all outstanding Parity Bonds.

### **Rates and Charges**

SMUD has covenanted in the Senior Bond Resolution to establish and at all times maintain and collect rates and charges for the sale or use of electric energy generated, transmitted, distributed or furnished by SMUD which, together with certain items of other income permitted under the Senior Bond Resolution, will yield Revenues at least sufficient, with respect to the ensuing 12 months, to pay and provide for all sums required for Maintenance and Operation Costs and Energy Payments not included in Maintenance and Operation Costs and, in addition, to provide an aggregate sum equal to at least 1.20 times the total amount required for the payment of principal and interest, together with any sinking fund or reserve fund payments, on all Parity Bonds, in each case during such 12 months.

SMUD has full power to establish rates and charges for all SMUD services, and the levels of such rates are not subject to review or regulation by any other governmental agency, either federal or state.

### **Limitations on Additional Obligations Payable from Revenues**

The Senior Bond Resolution provides that SMUD will not, so long as any Senior Bonds are outstanding, issue any obligations payable in whole or in part from Revenues except the following:

- (a) Senior Bonds of any series authorized pursuant to the Senior Bond Resolution;
- (b) Refunding bonds issued solely to refund all or part of the Parity Bonds;
- (c) General obligation bonds or other securities secured by the full faith and credit of SMUD;
- (d) Additional revenue bonds (including additional Parity Bonds), payable on a parity with the Senior Bonds, with an equal lien and charge upon the Revenues, but only subject to the following conditions:
  - (1) Such additional revenue bonds shall have been authorized;
  - (2) The proceedings for the issuance of such additional revenue bonds shall require SMUD to fix and collect rates and charges in an amount not less, with respect to such bonds, than the amounts required with respect to Senior Bonds issued under the Senior Bond Resolution;
  - (3) SMUD shall not then be in default under the Senior Bond Resolution or other resolutions authorizing the issuance of Parity Bonds; and



(4) A certificate of SMUD, certifying--

(1) that the Net Revenues, after the completion of the additions, betterments, extensions or improvements proposed to be financed from the proceeds of such additional revenue bonds, will be sufficient to pay the principal of and interest (and bond reserve fund requirements, if any) on all Parity Bonds then outstanding and on such additional revenue bonds then proposed to be issued, and

(2) that the Net Revenues, for a period of twelve consecutive months during the twenty-four months immediately preceding the date upon which such additional revenue bonds will become outstanding, have been at least equal to 1.25 times the sum of

- (i) the annual interest,
- (ii) the principal amount of serial bonds falling due, and
- (iii) the amount of minimum sinking fund payments required for the payment of term bonds,

as computed for the year in which such sum shall then be a maximum, including both then outstanding Parity Bonds and the additional revenue bonds then proposed to be issued, provided that--

(A) if rates and charges in effect on the date upon which such additional revenue bonds will become outstanding will be greater than those in effect during the entire twelve months elected for the foregoing computation, then the Net Revenues for said period of twelve months may be augmented by 75% of the estimated increase in Net Revenues computed to accrue to the Electric System in the first twelve months during which such rates and charges shall be in effect; and

(B) if such additional revenue bonds or any thereof shall be issued for the purpose of acquiring an existing revenue-producing electric system, 75% of the estimated pro forma net revenues of such existing system (calculated on the basis of assumed SMUD ownership and operation during such period but otherwise on the basis of actual gross revenues of such existing system at the rates actually charged therefor) for the preceding twelve months may be added to the actual Net Revenues of the Electric System for the twelve months elected for said computation and treated as if actually received by the Electric System during those twelve months; and

(e) Revenue bonds junior and subordinate to the Parity Bonds.

#### **Additional Covenants**

The Senior Bond Resolution contains the following additional covenants, among others:

(a) SMUD will cause the Electric System to be maintained in good repair, working order and condition at all times, and will continuously operate the Electric System in an efficient and economical manner, and so that all lawful orders of any governmental agency or authority having jurisdiction in the premises shall be complied with, but SMUD shall not be required to comply with any such orders so long as the validity or application thereof shall be contested in good faith.



SMUD further covenants and agrees that it will at all times, while any of the Bonds are outstanding maintain and comply with all necessary permits and licenses issued by the Atomic Energy Commission.

(b) None of the electric energy owned, controlled or supplied by SMUD shall be furnished or supplied free, but on the contrary shall always be sold or furnished so as to produce Revenues.

If SMUD shall sell water developed or made available by the Electric System, a reasonable charge therefor shall be made and the revenue received by SMUD therefrom shall be Revenues and accounted for as such, except that SMUD may furnish water developed or impounded by the Electric System for any purpose (other than the use of such water for hydroelectric purposes) without charge as SMUD in its discretion deems advisable if such water is so furnished without any distribution cost to SMUD. SMUD may sell any water for consumption for domestic or other purposes (exclusive of the use thereof for hydroelectric purposes), but SMUD shall charge itself a reasonable wholesale rate for any water sold by SMUD. SMUD also may sell water at wholesale to any other person, for distribution by such other person for domestic or other purposes (except use for hydroelectric purposes), and SMUD shall likewise charge a reasonable wholesale rate to any such other person. In each case, all such wholesale rates shall be included in Revenues. The revenue received by SMUD from any retail sale of water distributed by SMUD shall not be deemed Revenues, but shall be available to SMUD for any SMUD purpose.

(c) That all taxes and governmental charges and other lawful claims which might become a lien on the Electric System or the Revenues or impair the security of the Senior Bonds will be paid and discharged when due.

(d) SMUD will not sell or otherwise dispose of any property essential to the proper operation of the Electric System or to the maintenance of the Revenues. SMUD will not enter into any lease or agreement which impairs or impedes the operation of the Electric System or which otherwise impairs or impedes the rights of the Bondholders with respect to Revenues. Nothing contained in the Senior Bond Resolution shall prevent SMUD from entering into sale and leaseback agreements pursuant to which SMUD may acquire the use of property subject to the terms of such sale and leaseback agreements.

(e) That insurance adequate in amounts and as to risks covered will be maintained against such risks as are usually insurable in connection with similar electric systems, and in addition public liability and property damage insurance in amounts not less than \$1,000,000 per accident and adequate fidelity bonds on all officers and employees of SMUD handling or responsible for SMUD funds, subject in each case to the condition that such insurance is obtainable at reasonable rates and upon reasonable terms and conditions. See "Insurance" for a description of SMUD's insurance.

(f) That the net proceeds realized by SMUD in the event all or any part of the Electric System is taken by eminent domain proceedings will be applied to the redemption or retirement of all Parity Bonds if sufficient therefor, and, if not, then pro rata to the redemption or retirement of Parity Bonds or to new facilities if the additional Revenues to be derived therefrom will sufficiently offset the loss of Revenues resulting from such eminent domain so that the ability of SMUD to meet its obligations will not be substantially impaired.

(g) That SMUD will at all times use its best efforts to maintain the powers, functions and duties now reposed in it pursuant to law.

(h) That SMUD will establish and at all times maintain and collect rates and charges for the sale or use of its electric energy sufficient to permit SMUD to purchase power or issue and sell Parity Bonds to finance additions, betterments, extensions and improvements to the Electric System as may be reasonably



necessary to satisfy its then projected electric demand upon its Electric System, and that unless the Board determines that SMUD will be able to satisfy such demand through the purchase of electric energy, SMUD will proceed with all reasonable diligence to issue and sell such Parity Bonds.

### **Tax Covenants**

SMUD agrees in the Senior Bond Resolution not to take any action which would result in interest on the Senior Bonds not being excluded from gross income for federal income tax purposes. SMUD also agrees to establish a separate Rebate Fund for the Senior Bonds and to deposit therein such amounts as are necessary to make the required rebate payments to the United States Government under the Internal Revenue Code of 1986. Such deposits will be made from any Revenues legally available to SMUD after payment of maintenance and operation costs and Energy Payments, principal of and interest on the Parity Bonds and any other obligations secured by the Revenues. Amounts in the Rebate Fund, and any earnings thereon, shall be paid to the United States Government as provided in the Tax Certificate.

### **Amendment of the Senior Bond Resolution**

The Senior Bond Resolution and the rights and obligations of SMUD and of the Holders of the Senior Bonds may be modified or amended at any time pursuant to the affirmative vote at a meeting of Bondholders, or with the written consent without a meeting, of the Holders of 60 percent in aggregate principal amount of the Senior Bonds then outstanding, provided that no such modification or amendment shall (i) extend the fixed maturity of any Senior Bond, or reduce the principal amount thereof, or reduce the rate or extend the time of payment of interest thereon or reduce any premium payable upon the redemption thereof, without the consent of the Holder of each Senior Bond so affected, or (ii) reduce the aforesaid percentage of Senior Bonds required for consent to an amendment or modification, without the consent of the Holders of all the Senior Bonds then outstanding. Modifications or amendments may be made, without the consent of any Bondholders, to add covenants of SMUD or to surrender rights reserved by SMUD in the Senior Bond Resolution, to cure ambiguities or defective or inconsistent provisions or in regard to questions arising under the Senior Bond Resolution without adversely affecting the interests of the Bondholders, or to provide for the issuance of a Series of Senior Bonds, subject to the provisions contained in the Senior Bond Resolution with respect thereto.

### **Events of Default and Remedies of Bondholders**

The Senior Bond Resolution declares each of the following to be an event of default:

- (a) Failure to pay the principal of and premium on any Senior Bond when due and payable;
- (b) Failure to pay any installment of interest on any Senior Bond when due and payable, if such default continues for a period of 30 days;
- (c) Default by SMUD in the observance of any of the covenants, agreements or conditions on its part in the Senior Bond Resolution or in the Senior Bonds, if such default continues for a period of 60 days after written notice thereof (specifying such default and requiring the same to be remedied) has been given to SMUD by the Trustee, or to SMUD and the Trustee by the Holders of not less than 25 percent in aggregate principal amount of the Senior Bonds at the time outstanding; and
- (d) If, under the provisions of any law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of SMUD or of the whole or any substantial part of its property, and such custody or control shall not be terminated or stayed within 60 days.



In the event of default, the Trustee or the Holders of not less than a majority in aggregate principal amount of the outstanding Senior Bonds may, upon written notice to SMUD, declare the principal of all outstanding Senior Bonds, and the interest accrued thereon, to be due and payable immediately. The Trustee is appointed as trustee to represent Bondholders and may take such action as may seem appropriate to it, and, upon the written request of the Holders of 25 percent in aggregate principal amount of the outstanding Senior Bonds, and upon being furnished with indemnity satisfactory to it, will take such action on behalf of Bondholders as is specified in such written request. Each Bondholder is entitled to proceed to protect and enforce the rights vested in such Holder by the Senior Bond Resolution by such appropriate judicial proceedings as such Holder deems most effectual.

The rights of Bondholders are limited and restricted to the use and application of Revenues as provided in the Senior Bond Resolution and do not extend to the levy of any attachment or execution upon or forfeiture of any of the properties of SMUD or to any moneys derived by SMUD from the levy or collection of taxes.

In addition to the limitations on remedies contained in the Senior Bond Resolution, the rights and remedies provided by the Senior Bonds and the Senior Bond Resolution, as well as the enforcement by SMUD of contracts with customers of the Electric System, may be limited by and are subject to bankruptcy, insolvency, reorganization and other laws affecting the enforcement of creditors' rights.

#### **Discharge of Senior Bond Resolution**

The Senior Bond Resolution may be discharged by depositing with the Trustee in trust, moneys or Federal Securities or general obligation bonds of the State of California, in such amount as the Trustee shall determine will, together with the interest to accrue thereon, be fully sufficient to pay and discharge the indebtedness on all Senior Bonds at or before their respective maturity dates.



**APPENDIX F**

**ORIGINAL OPINION OF BOND COUNSEL**



**APPENDIX G**  
**CONTINUING DISCLOSURE AGREEMENT**



**APPENDIX H**  
**CERTAIN INFORMATION CONCERNING THE BANK**



**APPENDIX A**

**INFORMATION REGARDING  
SACRAMENTO MUNICIPAL UTILITY DISTRICT**



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**SACRAMENTO MUNICIPAL UTILITY DISTRICT**  
*Sacramento, California*

**BOARD OF DIRECTORS**

Gregg Fishman, President  
Dave Tamayo, Vice President  
Brandon Rose  
Nancy Bui-Thompson  
Rosanna Herber  
Rob Kerth  
Heidi Sanborn

**OFFICERS AND EXECUTIVES**

Paul Lau, Chief Executive Officer and General Manager  
Frankie McDermott, Chief Operating Officer  
Scott Martin, Chief Financial Officer  
Brandy Bolden, Chief Customer Officer  
Suresh Kotha, Chief Information Officer  
Jose Bodipo-Memba, Chief Diversity Officer  
Laura Lewis, Chief Legal and Government Affairs Officer and General Counsel  
Lora Anguay, Chief Zero Carbon Officer  
Farres Everly, Chief Marketing & Communications Officer  
Jennifer Restivo, Treasurer  
Lisa Limcaco, Controller



## INTRODUCTION

### General

The Sacramento Municipal Utility District (“SMUD”) owns and operates an electric system that has provided retail electric service since 1946. SMUD’s current service area is approximately 900 square miles, and includes the principal parts of Sacramento County and small portions of Placer and Yolo counties. See “THE SERVICE AREA AND ELECTRIC SYSTEM – The Service Area.”

### Independent Governance

SMUD is an independently run community-owned organization. SMUD is not required by law to transfer any portion of its collections from customers to any local government.

SMUD is governed by a Board of Directors (the “Board”), which consists of seven directors elected by ward for staggered four-year terms. The Board determines policy and appoints the Chief Executive Officer and General Manager, who is responsible for SMUD’s overall management and day-to-day operations. The Chief Executive Officer and General Manager is responsible for the hiring and removal of all employees, other than the Chief Legal and Government Affairs Officer and General Counsel, the Internal Auditor and the Special Assistant to the Board, who are hired and may be removed only by the Board. The employment status of nearly all SMUD employees is governed by a civil service system administered by the Chief Executive Officer and General Manager.

The Board elects its President and Vice President annually to take office in January. The current members of the Board are as follows:

Name	Occupation	Ward	Term Expires
Brandon Rose.....	Air Pollution Specialist, California Environmental Protection Agency	Ward 1	December 31, 2028
Nancy Bui-Thompson.....	Chief Information Officer, Wellspace Health	Ward 2	December 31, 2028
Gregg Fishman, President.....	Sr. Community Relations Officer at Sacramento Regional Transit District	Ward 3	December 31, 2026
Rosanna Herber .....	Retired Community Engagement Manager	Ward 4	December 31, 2026
Rob Kerth .....	Business Owner	Ward 5	December 31, 2028
Dave Tamayo, Vice-President .....	Retired Environmental Specialist	Ward 6	December 31, 2026
Heidi Sanborn .....	Executive Director, National Stewardship Action Council	Ward 7	December 31, 2026

SMUD’s senior management consists of the following executives:

**Chief Executive Officer & General Manager.** Paul Lau was named Chief Executive Officer and General Manager (“CEO & GM”) of SMUD in October 2020. He reports to the SMUD Board of Directors. As CEO & GM, he leads the sixth largest community-owned electric utility in the nation, serving a population of approximately 1.5 million residents and managing a \$2.3 billion budget. Mr. Lau previously served as SMUD’s Chief Grid Strategy & Operations Officer and has held several other executive leadership positions during his 43-year career at SMUD. He serves on several national and local boards, including the Large Public Power Council, California Municipal Utilities Association, American Public Power Association, Business Council for Sustainable Energy, Electric Power Research Institute, Smart



Electric Power Alliance, the California Mobility Center, Greater Sacramento Economic Council, Valley Vision and as a Commissioner of the Balancing Authority of Northern California (“BANC”). A registered professional electrical engineer in the State of California (the “State”), Mr. Lau received his bachelor’s degree in electrical power engineering from California State University, Sacramento.

**Chief Customer Officer.** Brandy Bolden reports to the CEO & GM and oversees SMUD’s Customer and Community Services business unit. She is responsible for customer experience delivery across SMUD’s residential and commercial customer segments. She provides leadership and oversight of customer operations including customer care and revenue management, business intelligence, strategic account management, customer experience and segmentation strategy, channel management, and special assistance initiatives. She is also responsible for commercial development, business attraction and retention and oversees Community Energy Services, which provides services and support for community choice aggregators. Since joining SMUD in 2003, Ms. Bolden has demonstrated strong leadership and held a variety of senior leadership roles, including leading the Customer & Community Services project management office and the dual role of director of Customer Care and Revenue Operations. Ms. Bolden led the team responsible for implementing time-of-day rates, streamlining the meter-to-cash processes, delivering key billing and payment experience enhancements and recognizing operational efficiencies that resulted in sustained annual savings for SMUD. Ms. Bolden holds a Bachelor of Arts in Sociology from University of California, Davis.

**Chief Information Officer.** Suresh Kotha reports to the CEO & GM and is responsible for SMUD’s information technology functions including strategy and governance, infrastructure platform services, customer and grid technology center, enterprise solutions engineering, emerging technologies and cybersecurity. More recently, Mr. Kotha has been leading many technology efforts that are integral to developing a grid of the future that will help SMUD achieve its zero-carbon goal, including its Advanced Distribution Management System, the software platform that supports the full suite of distribution management and optimization, and next-generation network upgrades. Mr. Kotha joined SMUD in 2002 as a principal technical developer, with responsibility for designing and leading implementation and upgrades of multiple technology systems, including the SAP software platform and SMUD’s meter-to-cash systems. He holds a Master of Technology in Computer Science from Jawaharlal Nehru Technology University and a Bachelor of Engineering in Electronics & Communications Engineering from Gulbarga University.

**Chief Diversity Officer.** Jose Bodipo-Memba reports to the CEO & GM and is responsible for company-wide programs such as human resources, workforce development, diversity and inclusion, and sustainable communities. The focus of his business areas is to advocate diversity, inspire an inclusive culture based on trust and respect, and to create belonging and connection among SMUD’s employees, customers and communities, which ultimately results in positive, equitable outcomes for all. Mr. Bodipo-Memba joined SMUD in 2010 as an environmental specialist and became manager of Environmental Services in 2016. He most recently served as SMUD’s first director of Sustainable Communities. Mr. Bodipo-Memba holds a Bachelor of Arts degree in history from University of California, Berkley and Masters of Business Administration from Drexel University.

**Chief Legal & Government Affairs Officer and General Counsel.** Laura Lewis was named general counsel for SMUD in April 2014. In this position she serves as chief lawyer and manages SMUD’s legal office and its staff. She operates as a strategic resource for SMUD’s elected Board, the CEO & GM, and the executive management team regarding development of SMUD policies, strategies, programs and initiatives. She also serves as the secretary to SMUD’s Board. She reports to the Board and to the CEO & GM and has responsibility for all SMUD legal matters, including litigation, contested regulatory agency proceedings, settlement discussions and claims management. Ms. Lewis also oversees SMUD’s government affairs and reliability compliance department. In this capacity, she is responsible for management and coordination of all legislative matters and regulatory requirements affecting SMUD at the



state and federal level, including the FERC-NERC electric reliability standards. Ms. Lewis is also responsible for Procurement, Warehouse & Fleet and Energy Trading & Contracts. Ms. Lewis joined SMUD in 1997 as a staff attorney, serving in that capacity through 1999, after which she moved to the San Francisco law firm Davis Wright Tremaine. In 2002, she returned to SMUD as a senior attorney. In 2010, she became assistant general counsel and in 2013 was appointed chief assistant general counsel. She holds a juris doctorate from McGeorge School of Law, where she won membership in the Order of the Coif honor society. She holds a bachelor's degree in political science from the University of California, San Diego and is a member of the American Bar Association, the Energy Bar Association, and the State Bar of California.

***Chief Operating Officer.*** Frankie McDermott reports to the CEO & GM and is responsible for providing strategic leadership and tactical oversight of safety, reliability and operations of SMUD's transmission and distribution systems, delivery of energy to customers and construction and maintenance of SMUD's grid. This position has primary responsibility for the processes and functions related to system reliability and operations across SMUD. The Chief Operating Officer is also the safety leader for the enterprise, leader of operational efficiency and responsible for all non-technical capital investments. Prior to this role, Mr. McDermott served as Chief Energy Delivery Officer and Chief Customer Officer, responsible for SMUD's overall retail strategy. From 2010 to 2014, he served as Customer Services director, which included managing relationships with customer segments as SMUD moved forward with smart-grid technologies. Prior to that, he served as manager of enterprise performance and held positions in supply chain and in general services. Before joining SMUD in 2003, Mr. McDermott served in management roles in the semiconductor industry at NEC Electronics in Roseville, California and in Ireland. After engineering school in Ireland, he earned a Master of Business Administration from Golden Gate University and completed the Advanced Management Program at the Haas School of Business at the University of California Berkeley.

***Chief Zero Carbon Officer.*** Lora Anguay reports to the CEO & GM and is responsible for leadership oversight of SMUD's Energy Supply which includes SMUD's Power Generation Assets, Distributed Energy Solutions, Resource Planning & Market Planning and Settlements, Research & Development ("R&D") and Grant Partnerships. This role is also responsible for the delivery of SMUD's plan to provide 100% carbon free energy resources by 2030. This includes obtaining new grants and partnerships, overseeing research and development, designing distributed energy resource programs, enabling processes to settle distributed energy transactions with SMUD's customers and transitioning SMUD's power generation assets and energy contracts to zero carbon resources. Prior to assuming this role, Ms. Anguay was the director of Distribution Operations & Maintenance and was responsible for the day-to-day operations of SMUD's electric distribution grid. Before that she was an engineering designer, process control supervisor, project manager for smart meter deployment, a senior project manager for smart grid distribution automation and supervisor in Grid Assets. Before SMUD, she worked for Oracle Corporation as a finance manager and is a veteran who served in the United States Coast Guard. Ms. Anguay joined SMUD in 2004 and holds a Bachelor of Science degree in Business Administration from California State University, Sacramento.

***Chief Financial Officer.*** Scott Martin reports to the CEO & GM and is responsible for SMUD's Finance & Strategy functions, which includes Planning & Revenue Strategy, Treasury & Commodity Risk Management, Accounting, Payroll, Enterprise Strategy & Risk and Enterprise Prioritization & Performance. He is also responsible for setting financial and organization wide strategy and ensuring SMUD maintains strong financial health. Additionally, he leads the teams responsible for setting enterprise wide strategies to achieve SMUD's ambitious goal of eliminating carbon emissions by 2030, while maintaining reliability and affordable rates. Mr. Martin is a seasoned executive with more than 30 years of experience. Prior to assuming his current role, Mr. Martin was SMUD's Chief Strategy Officer. Mr. Martin's previous experience also includes serving as SMUD's Customer Strategy Planning supervisor.



Mr. Martin joined SMUD in 1999 and holds a Bachelor of Arts degree in economics from the University of California, Berkeley and a Master of Arts degree in Economics from the University of Nevada, Las Vegas.

**Chief Marketing & Communications Officer.** Farres Everly reports to the CEO & GM and is responsible for all aspects of SMUD’s marketing, market research, corporate communications, website, graphic design, video services, data analytics, social media, community engagement, crisis communications, and public affairs activities. Mr. Everly led the creative development and execution of SMUD’s numerous award-winning marketing and outreach campaigns, including the Clean PowerCity campaign to launch SMUD’s 2030 Clean Energy Vision, the boldest decarbonization plan of any large utility in the United States, and the transition to time-based rates for all SMUD customers. He developed the community engagement and communications strategies that resulted in SMUD being ranked number one in California in J.D. Power’s annual customer satisfaction surveys and in SMUD becoming the first utility to receive J.D. Power’s Certified Sustainability Leader designation. Prior to joining SMUD, Mr. Everly held marketing and communications management roles at VSP and the Money Store. He holds a bachelor’s degree in journalism from California State University, Chico.

**Treasurer.** Jennifer Restivo reports to the CFO. She oversees all treasury operations, including debt and cash management, banking, financial planning and forecasting, property and casualty insurance, and is responsible for developing and implementing capital borrowing strategies, as well as pricing and load forecasting. Ms. Restivo also serves as treasurer for the Sacramento Municipal Utility District Financing Authority (“SFA”), the Northern California Gas Authority No. 1 (“NCGA”), the Northern California Energy Authority (“NCEA”), Transmission Agency of Northern California (“TANC”) and BANC. Before joining SMUD in 1999, Ms. Restivo worked in accounting roles at two manufacturing companies in Sacramento. Throughout her tenure at SMUD, she has taken on management positions in various departments, including Accounting, Planning, and Revenue Strategy, and currently serves in Treasury. Ms. Restivo earned her bachelor's degree in accounting from California State University, Sacramento, and holds an MBA from the University of Phoenix.

**Controller.** Lisa Limcaco reports to the CFO and is responsible for accounting and financial reporting at SMUD. Prior to her appointment as controller in 2020, Ms. Limcaco served as an assistant controller, manager of customer value, performance and projects, senior energy commodity specialist and as principal accountant for SMUD’s joint powers authorities. Ms. Limcaco also serves as controller for TANC, SFA, NCGA, NCEA and BANC. Before joining SMUD in 2010 as a senior accountant, Ms. Limcaco had 12-years’ experience as the Director of Accounting and controller for a food service provider in Sacramento and over 13-years’ experience in public accounting including audit manager at Price Waterhouse LLP. Ms. Limcaco holds a bachelor’s degree in accounting from the University of Hawaii, a Master of Business Administration from Sacramento State University and is a Certified Public Accountant in the State.

## **THE SERVICE AREA AND ELECTRIC SYSTEM**

### **The Service Area**

SMUD is the primary distributor of electric power within an area of approximately 900 square miles in central California. The service area includes the State Capital, Sacramento, the populous areas principally to the northeast and south of the City of Sacramento (the “City” or “Sacramento”) and the agricultural areas to the north and south. The City is located 85 miles northeast of San Francisco.

SMUD’s electric system supplies power to a population of approximately 1.5 million with a total annual retail load of approximately 10,721 million kilowatt-hours (“kWh”) for the year ended December



31, 2024. As the capital of the nation's most populous state, Sacramento benefits from the historically stabilizing influence of a large government sector. Sacramento is home to the State government headquarters, the Sacramento County seat, the City government and various special districts that combine to make government the largest single employment sector in the Sacramento area. Information technology, transportation, education and health services, leisure and hospitality, and construction round out the other major sectors of employment and industry in the area.

SMUD's annual peak load has averaged 3,156 Megawatts ("MW") over the last three years, with SMUD's record peak load of 3,299 MW occurring on July 24, 2006. In 2022, SMUD recorded its second highest peak load of 3,263 MW. SMUD reviews its load forecast, at a minimum, on an annual basis.

## **The Electric System**

SMUD owns and operates an integrated electric system that includes generation, transmission and distribution facilities.

SMUD supplies power to its bulk power substations through a 230 kilovolt ("kV") and 115 kV transmission system. This system transmits power from SMUD's generation plants and interconnects with Pacific Gas & Electric ("PG&E") and the Western Area Power Administration ("WAPA"). Power is distributed throughout Sacramento County via a 69 kV sub-transmission system with the exception of the City's downtown area, which is served from the 115 kV transmission system. The downtown area is served from 115/12 kV and 115/21 kV substations. The distribution system serving the remainder of SMUD's service territory is comprised of 69/12 kV substations with overhead and underground 12 kV distribution circuits.

## **BUSINESS STRATEGY**

### **General**

SMUD's Board of Directors has established the following purpose and vision statements: "SMUD's purpose is to enhance the quality of life for our customers and community by providing reliable and affordable electricity, and leading the transition to a clean energy future." "SMUD's vision is to be a trusted and powerful partner in achieving an inclusive, zero carbon economy. SMUD will leverage its relationships to accelerate innovation, ensure energy affordability and reliability, protect the environment, eliminate greenhouse gas emissions, catalyze economic and workforce development, promote environmental justice, and enhance community vitality for all." The Board has adopted a set of Strategic Directions with related metrics, which it considers essential for the success of SMUD and for serving SMUD's customers. These include competitive rates, access to credit markets, reliability, customer relations, safety leadership, environmental leadership, employee relations, resource planning, innovation, public power business model, ethics, information management and security and enterprise risk management. Some of the general elements in SMUD's business strategy are:

- developing and maintaining a sustainable and reliable power supply to meet demand growth consistent with State mandates and the Board's directions for renewable energy and the reduction of carbon emissions to zero by 2030. See "BUSINESS STRATEGY – Sustainable Power Supply and Transmission – 2030 Zero Carbon Plan";
- working closely with customers to provide the information, tools and incentives to assist them to more efficiently manage energy use, which will contribute to meeting greenhouse gas ("GHG") emission targets and managing needle peak demand requirements (those 40 or so hours of the year with extreme temperatures when customer demand surges by up to 400 additional MW);



- managing price, volumetric and credit risks associated with energy and natural gas procurement;
- attracting, developing and retaining a diverse, skilled and engaged workforce that reflects SMUD's values and is committed to achieving SMUD's mission;
- retaining local decision making authority and operational independence; and
- collaborating regionally to attract new businesses and grow existing business to diversify and strengthen the Sacramento economy.

SMUD's long-range business strategy focuses in part on ensuring financial stability by establishing rates that provide an acceptable fixed charge coverage ratio on a consolidated basis, taking into consideration the impact of capital expenditures and other factors on cash flow. SMUD's Board policy sets a minimum fixed charge coverage ratio of 1.50 times for annual budgets, though SMUD generally plans to meet a minimum fixed charge coverage ratio of 1.70 times. Over the past ten years, the actual fixed charge coverage ratio has averaged 2.19 times on a consolidated basis. SMUD also manages its liquidity position by planning for a minimum of 150 days cash on hand and planning to maintain at least \$150 million of available capacity under its commercial paper and line of credit program. SMUD's commercial paper and line of credit program is currently authorized for \$500 million aggregate principal amount outstanding at any one time. As of [May \_\_, 2025], SMUD had \$[75] million aggregate principal amount of its commercial paper notes outstanding and \$[425] million of the authorized aggregate principal amount of its commercial paper and line of credit program available for use. SMUD uses cash on hand and commercial paper and a line of credit to fund capital expenditures, then issues debt to reimburse itself for cash expended for qualified capital expenditures and/or to pay down the outstanding principal amount of its commercial paper program and line of credit. Over the past ten years, the days cash on hand has averaged 211. The resolutions securing SMUD's Senior Bonds and Subordinated Bonds (each as defined under the caption "CAPITAL REQUIREMENTS AND OUTSTANDING INDEBTEDNESS" below) do not require SMUD to maintain a minimum fixed charge coverage ratio, minimum days cash on hand or minimum available capacity under its commercial paper program and line of credit.

In addition, SMUD's business strategy focuses on serving its customers in a progressive, forward-looking manner, addressing current regulatory and legislative issues and potential competitive forces.

### **Serving SMUD's Customers**

SMUD continually looks for ways to better serve and partner with its customers to further strengthen customer loyalty, while providing competitive and fair pricing for SMUD's electric services. SMUD also has a focused effort to assist and incentivize customers to manage energy use more efficiently, which will contribute to meeting GHG emission targets and managing peak demand requirements as noted below.

**Digital Enhancements.** Customers are increasingly turning to digital channels including SMUD's mobile application, SMUD.org, e-mail and social media to interact and do business with SMUD. SMUD has delivered many digital enhancements, including bill pay functionality; online payment arrangements; start/stop/transfer move service; view of energy usage, chat, an enhanced outage map including meter test functionality; and the SMUD Energy Store, which is an online marketplace for energy-related products. SMUD plans to continue efforts to provide more personalized digital customer experiences.

**Advanced Metering, Infrastructure and Rate Design.** As a community-owned organization, SMUD is dedicated to providing the tools and transparency in customer energy usage to enable customers to easily and positively affect energy usage, energy cost, and climate change. In 2012 SMUD installed smart technology, including 617,000 digital communicating smart meters, distribution automation systems



and equipment to facilitate load management. The advanced technology has allowed SMUD to deliver tools such as text and e-mail bill alerts and online energy usage comparison charts to help customers manage energy use. SMUD has leveraged smart grid investments to improve reliability, reduce losses, reduce power quality issues and improve customer service through better, more timely information.

**Renewable Options.** SMUD’s customers have been increasingly interested in distributed energy resources, mainly through the installation of solar systems. As of January 2025, approximately 58,963 of SMUD’s residential and commercial customers, approximately 8.7% of retail customers, had installed solar systems, representing approximately 390 MW of solar installations.

As the cost of energy storage continues to decline, SMUD anticipates an increase in behind-the-meter energy storage, mainly through the installation of battery storage systems. As of January 2025, approximately 2,094 of SMUD’s residential and commercial customers, approximately 0.3% of retail customers, had installed storage systems, representing approximately 14 MW of storage.

As another option for solar, SMUD’s SolarShares® pilot program (the “SolarShares Pilot”) was established as a cost-effective and convenient way for commercial customers to meet their energy needs from solar power. The SolarShares Pilot offered SMUD commercial customers the opportunity to receive solar power without upfront costs or equipment installation through 5-, 10- or 20-year purchase contracts. Customers that entered into purchase contracts under the SolarShares Pilot receive up to half of their power from a utility-scale solar system. SMUD supplies up to 148 MW of solar power to participants in the SolarShares Pilot either by building and maintaining utility-scale solar systems or by procuring solar power from third parties through power purchase agreements. The SolarShares Pilot generation was approximately 3.0% of retail sales in 2024. As of April 30, 2021, SMUD had completed the SolarShares Pilot and is not entering into new purchase contracts under the SolarShares Pilot.

The California Building Code requires certain newly constructed residential and commercial buildings to be powered by photovoltaic solar systems. A new building satisfies this requirement if it installs on-site solar or participates in an approved community solar or energy storage program. In response to this requirement SMUD obtained approval from the California Energy Commission (“CEC”) to administer its own community solar program, called Neighborhood SolarShares® (“Neighborhood SolarShares”) which was designed to be used by developers to satisfy the mandatory solar requirement. As of November of 2024, the Neighborhood SolarShares program is fully subscribed and not accepting new reservations. The Neighborhood SolarShares program generation was approximately [ ]% of retail sales in 2024.

SMUD also launched a Residential SolarShares program in 2024. This program is designed to appeal to low- and moderate-income customers that are currently participating in Greenergy (described below). The Residential SolarShares program allows Greenergy participants to save money each month by switching to Residential SolarShares. The program can accommodate up to 10 MW in subscriptions.

In addition to the SolarShares Pilot, Neighborhood SolarShares, and Residential SolarShares, SMUD has operated a voluntary green energy pricing program called Greenergy® (“Greenergy”) since 1997. The Greenergy program allows customers the opportunity to pay an additional amount per month to ensure that either all or part of their electricity comes from green or carbon free energy sources. In 2024, the program allocated Renewable Energy Credits (“RECs”) equivalent to approximately 4.2% of retail sales to its participating customers.

**Energy Efficiency.** To further assist customers in managing energy usage and reducing regional carbon emissions and air pollution, SMUD offers an extensive array of energy efficiency and building electrification programs and services including financial incentives, energy audits and education. In



addition, SMUD has partnered with local developers to incorporate energy efficiency and all-electric construction measures into new residential and commercial construction, which helps developers plan and design efficient, cost-effective and low- or zero-emission buildings. As part of SMUD's 2019 Integrated Resource Plan ("IRP"), SMUD set a goal for regional carbon emissions through transport and building electrification that aims to reduce carbon emissions in buildings and transport by 64% over the next 20 years. SMUD's focus on electrification is continued in the Zero Carbon Plan (defined and discussed below). SMUD was the first electric utility in the country to set its efficiency goals based on carbon reductions, allowing building electrification and energy efficiency to both count toward meeting SMUD's efficiency goals. This is a significant opportunity, as converting a typical home today to all-electric saves more than three times the carbon emissions compared to doing a major energy efficiency upgrade alone to the same building. See "POWER SUPPLY AND TRANSMISSION – Projected Resources."

### **Sustainable Power Supply and Transmission**

Maintaining a sustainable power supply entails focusing efforts on researching, promoting and implementing new renewable energy technologies and sources to meet SMUD's long-term commitment to reducing carbon emissions and providing a reliable energy supply. SMUD defines a sustainable power supply as one that reduces SMUD's GHG emissions to serve retail customer load to zero by 2030. See "*2030 Zero Carbon Plan*" below. SMUD is planning to achieve zero GHG emissions to serve retail customer load through investments in energy efficiency, clean distributed energy resources, Renewables Portfolio Standard ("RPS") eligible renewables, energy storage, large hydroelectric generation, clean renewable fuels, carbon capture and sequestration, and new technologies and business models. Additionally, SMUD plans to continue pursuing GHG emissions reductions through vehicle, building and equipment electrification. At the same time, SMUD's plans for maintaining a sustainable power supply include assuring the reliability of SMUD's electric system, minimizing environmental impacts on land, habitat, water and air quality, and maintaining competitive rates relative to other electricity providers in the State.

A number of bills affecting the electric utility industry have been enacted by the State Legislature. In general, these bills regulate GHG emissions and encourage greater investment in energy efficiency and sustainable generation alternatives, principally through more stringent RPS requirements. See "DEVELOPMENTS IN THE ENERGY MARKETS – State Legislation and Regulatory Proceedings" herein.

***2030 Zero Carbon Plan.*** In July 2020, the Board declared a climate emergency and adopted a resolution calling for SMUD to take significant and consequential actions to reduce its carbon footprint by 2030. On April 28, 2021, the Board approved SMUD's 2030 Zero Carbon Plan (the "Zero Carbon Plan"). The Zero Carbon Plan is a flexible roadmap for SMUD to eliminate carbon emissions from its electricity production by 2030 while maintaining reliable and affordable service. To achieve these goals the Zero Carbon Plan is focused on four main areas: natural gas generation repurposing, proven clean technologies, new technologies and business models and financial impacts and options. SMUD plans to develop a new IRP in 2027 and in the meantime revisits the Zero Carbon Plan annually.

The natural gas generation repurposing focus of the Zero Carbon Plan calls for exploring the replacement of two of SMUD's five Local Gas-Fired Plants (as defined herein) and the retooling of the other three Local Gas-Fired Plants. See "POWER SUPPLY AND TRANSMISSION – Power Generation Facilities – *Local Gas-Fired Plants.*" Based on SMUD's studies to date, SMUD estimates that McClellan (as defined herein) and the Campbell Soup Project (as defined herein) can be replaced in the next several years depending on SMUD's success with replacement resources. Final decisions about the replacement of these two Local Gas-Fired Plants will be guided by reliability studies and the financial impacts of the various options. As part of the Zero Carbon Plan, SMUD is also exploring retooling options for the Carson Project (as defined herein) and the Procter & Gamble Project (as defined herein) to reduce utilization of



these two projects. SMUD is also investigating the use of alternative fuels like Renewable Natural Gas-biomethane (RNG-biomethane), hydrogen and other biofuels for the Carson Project, the Procter & Gamble Project, and the Cosumnes Power Plant (as defined herein). In addition, SMUD is investigating new technologies such as long duration energy storage and carbon capture and sequestration as other methods to green SMUD's energy supply. All final generator configurations are subject to reliability assessments.

The proven clean technologies focus of the Zero Carbon Plan calls for SMUD to procure approximately 1,100 to 1,500 MW of utility-scale solar photovoltaic ("PV") generating capacity, 700 to 1,100 MW of local utility-scale battery storage, 300 to 500 MW of wind generating capacity, and 100 to 220 MW of geothermal generating capacity. The Zero Carbon Plan also estimates that customer installation of approximately 500 to 750 MW of behind-the-meter solar PV generating capacity and approximately 50 to 250 MW of behind-the-meter battery storage will assist SMUD with achieving the Zero Carbon Plan goals.

With respect to new technologies and business models, the Zero Carbon Plan focuses on evaluating, prioritizing and scaling the emerging technologies that SMUD expects will have the largest impact on reducing carbon in SMUD's 2030 resource mix. SMUD is currently focused on various areas of technology and customer-focused programs, including electrification, education, demand flexibility, virtual power plants, vehicle-to-grid technology, and new grid-scale technologies. The Zero Carbon Plan forecasts that customer-owned devices and SMUD customer-focused programs will contribute between 360 and 1,300 MW of capacity to SMUD's grid by 2030.

The financial impacts and options focus of the Zero Carbon Plan aims to keep SMUD rate increases at or below the rate of inflation while achieving SMUD's goal of eliminating carbon emissions from its power supply by 2030. To pay for the expected costs of the Zero Carbon Plan and keep rate increases at or below the rate of inflation, the Zero Carbon Plan estimates the need for SMUD to realize between \$50 million and \$150 million of sustained annual savings. SMUD currently plans to achieve these sustained annual savings by exploring the implementation of operational savings strategies and pursuing partnership and grant opportunities. However, the availability, timing, and amount of federal or state grant funding is inherently uncertain and may be influenced by changes in federal policy or priorities. There can be no assurance that anticipated grant funding will materialize at levels assumed in the Zero Carbon Plan.

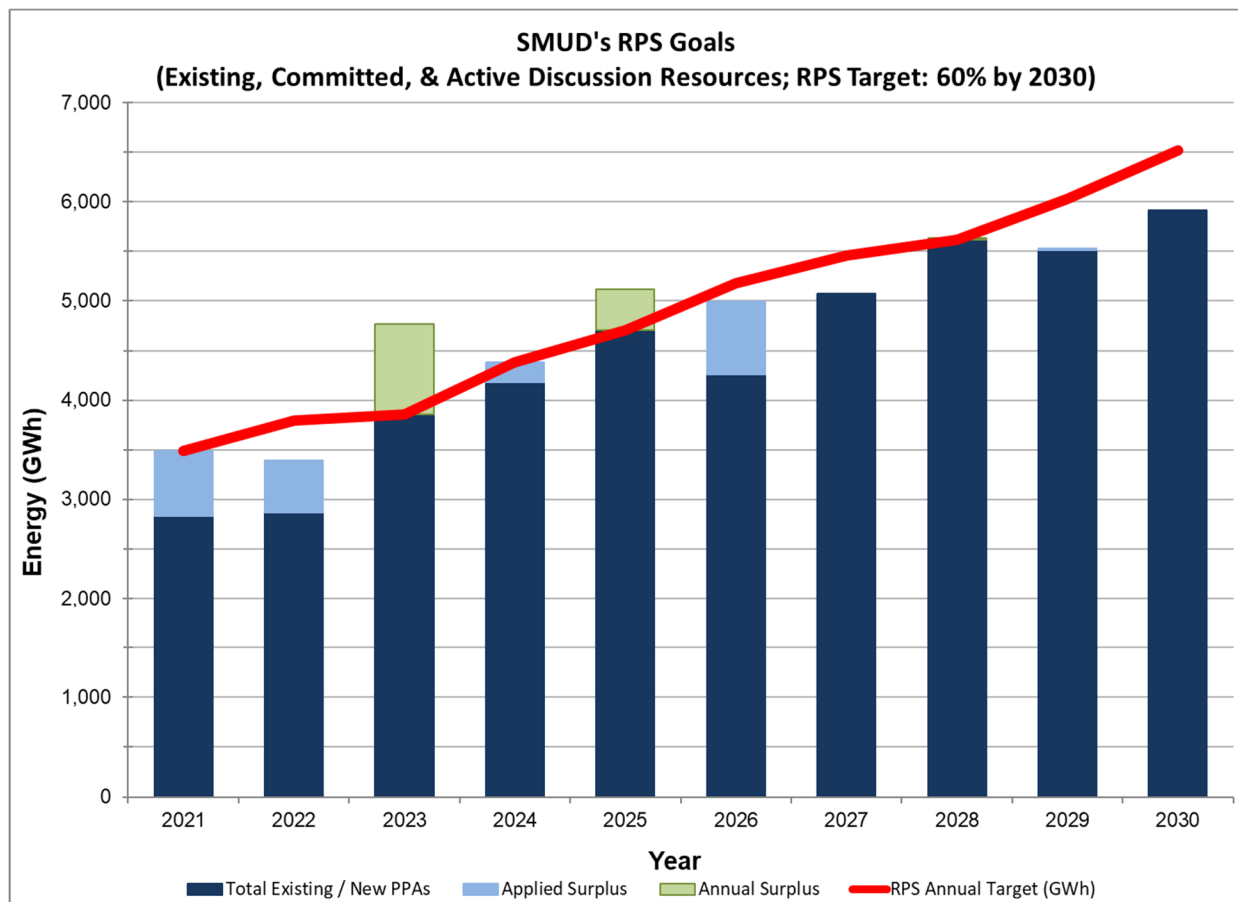
While the ultimate impacts of the Zero Carbon Plan on SMUD's financial results and operations are difficult to predict and are dependent on a variety of factors, such as the relative cost of procuring energy from clean technologies, the availability and relative cost of new technologies, and the adoption and implementation of energy efficiency and other measures by SMUD's customers, such impacts could be material.

***Renewable Energy and Climate Change.*** The California Renewable Energy Resources Act, established by Senate Bill X1-2 ("SBX1-2") and the Clean Energy and Pollution Reduction Act of 2015, enacted by Senate Bill 350 ("SB 350") require that SMUD meet 33% of its retail sales from RPS-eligible renewable resources by 2020 and 50% of its retail sales from RPS-eligible renewable resources by 2030. Senate Bill 100 ("SB 100"), passed by the legislature and approved by then-Governor Brown on September 10, 2018, accelerates the RPS targets and establishes a new 60% target by 2030. The bill also created a planning goal to meet all of the State's retail electricity supply with a mix of RPS-eligible and zero-carbon resources by December 31, 2045. See "DEVELOPMENTS IN THE ENERGY MARKETS – State Legislation and Regulatory Proceedings – *Renewables Portfolio Standards*" for a discussion of the State RPS requirements.

SMUD's compliance with State RPS requirements is evaluated over 3- or 4-year compliance periods. SMUD met the State RPS requirements for the first compliance period (2011-2013) and second



compliance period (2014-2016). The third compliance period (2017-2020) required SMUD to source one-third of its energy from renewable resources, and SMUD had sufficient RECs to meet the third compliance period requirements. SMUD filed its 2020 and third compliance period RPS compliance report with the CEC in the second quarter of 2021 and the CEC adopted SMUD's third compliance period verification report in December 2023. In January 2024, SMUD received the confirmation letter from the CEC indicating that SMUD was in full compliance with its third compliance period RPS obligations. As of the end of the third compliance period (2020), SMUD had approximately one million surplus RECs available to help meet future RPS targets. SMUD will file its 2024 RPS compliance report by July 1, 2025, showing that SMUD will have provided approximately 42% of its retail sales from RPS-eligible renewable resources in 2024. RPS compliance is determined by compliance period and not by individual years and SMUD has sufficient RECs procured and/or under contract resources in the fourth compliance period (2021-2024) to be in compliance with the RPS requirements. In addition to meeting RPS standards, SMUD serves an additional 8.1% of its customer load with renewable energy through its voluntary SolarShares and Greenergy pricing programs described above. SMUD estimates that it has sufficient renewable energy deliveries, new power supply contract commitments, new power supply commitments under active discussion, and RPS-eligible surplus carryover to meet its RPS requirements through 2025. Additional resources have been identified that are expected to provide sufficient RPS-eligible resources to cover most of SMUD's RPS requirements through 2030. Future solicitations may be needed to fill any remaining gaps. The following chart illustrates SMUD's current RPS requirements through 2030 and its existing and committed resources utilized to meet those requirements.





In addition to procuring new sources, meeting the RPS requirements will require replacement of certain existing renewable contracts which expire in future years. While SMUD anticipates it will meet much of its renewable resource requirements through purchase contracts with third parties, it continues to explore additional options, including wind, solar, biomass, and geothermal developments, partnering with other utilities on future projects, and local development options. SMUD's resource forecast (see "POWER SUPPLY AND TRANSMISSION – Projected Resources") accounts for future renewable resources as a component of "Uncommitted Purchases." To meet SMUD's Zero Carbon Plan goals, SMUD anticipates meeting loads in 2030 with approximately 70-80% renewable resources, in addition to hydro and other new zero carbon technologies. See "*– 2030 Zero Carbon Plan*" above.

Given the intermittent nature of power from renewable resources such as wind and solar, SMUD is exploring and investing in options that provide the flexibility to manage the intermittency of such renewable resources. Potential options include energy storage resources, which SMUD has committed to as part of the Zero Carbon Plan, and expanding load management resources. Additionally, on April 3, 2019, SMUD, through its membership in BANC, a joint exercise of powers agency formed in 2009, and currently comprised of SMUD, the Modesto Irrigation District ("MID"), the City of Roseville ("Roseville"), the City of Redding ("Redding"), the City of Shasta Lake and the Trinity Public Utilities District, commenced participation in the California Independent System Operator Corporation ("CAISO") western energy imbalance market ("WEIM"). Participation in the WEIM benefits SMUD by providing it with broader access to balancing resources within the region to help manage its expanding renewable portfolio. In addition, other entities within the BANC Balancing Authority Area began participation in the WEIM on March 25, 2021. See "BUSINESS STRATEGY – Sustainable Power Supply and Transmission – *Operational Independence and Local Control*" and "POWER SUPPLY AND TRANSMISSION – Balancing Authority Area Agreements."

In 2022, SMUD's Board formally adopted the 2030 Zero Carbon Plan as SMUD's updated IRP. SMUD filed the approved IRP update with the CEC on September 14, 2022, pursuant to the CEC's IRP guidelines, which called for updating SMUD's IRP filing within five years of SMUD's previous filing of April 29, 2019. SMUD's Zero Carbon Plan built upon the April 2019 IRP and set a goal of zero carbon emissions by 2030. On August 14, 2024, the CEC formally found that SMUD's IRP was complete and ordered that SMUD's IRP filing complies with requirements set forth in California Public Utilities Code section 9621. SMUD's next formal IRP process is expected to be completed and filed with the CEC no later than September 2027. See "BUSINESS STRATEGY – Sustainable Power Supply and Transmission – *2030 Zero Carbon Plan*."

The State's carbon cap-and-trade market established pursuant to Assembly Bill 32 ("AB 32") began in 2013. See "DEVELOPMENTS IN THE ENERGY MARKETS – State Legislation and Regulatory Proceedings – *Greenhouse Gas Emissions*" for a discussion of AB 32 and the State's cap-and-trade program. SMUD anticipates that allowances allocated to SMUD will nearly equal SMUD's compliance obligations under normal water year conditions. Under low water year conditions, SMUD may need to purchase additional allowances to cover its compliance obligations, including carbon obligations related to wholesale energy sales from SMUD's natural gas power plants. As SMUD implements its clean power goals, SMUD expects fewer allowances will be required to satisfy its compliance obligations. SMUD will nonetheless continue to seek free, long-term allocations of allowances from the California Air Resources Board to protect ratepayers from compliance costs and further support SMUD's decarbonization efforts.

There is scientific consensus that increasing concentrations of GHG have caused and will continue to cause a rise in temperatures in the State and around the world. The change in the earth's average atmospheric temperature, generally referred to as "climate change," is, among other things, expected to result in a wide range of changes in climate patterns, including increases in the frequency and severity of extreme weather events, including droughts and heat waves, more frequent incidences of wildfires, changes



in wind patterns, sea level rise and flooding, any of which alone or in combination could materially adversely affect SMUD's financial results or operations. See also "FACTORS AFFECTING THE REGION" and "OTHER FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY – Other Factors." As described above, SMUD is actively working to meet its sustainable power supply goals, reduce its own GHG emissions, and assist the local governments in the territory it serves with their desired GHG reductions. SMUD is a founding member and active participant in the Capital Region Climate Readiness Collaborative, a public private partnership formed to better understand and plan for climate impacts expected in the region. In order to better serve SMUD's community and improve SMUD's ability to mitigate and adapt to a changing climate, SMUD offers a wide range of residential and commercial decarbonization rebates and provides no-cost energy retrofit installations to income-eligible residential customers for both gas-to-electric conversions and electric-to-electric upgrades. Available project measures include electric heat pump water heaters, electric heat pump HVAC units, seal-and-insulate projects, and panel upgrades. SMUD has an Enterprise Risk Management ("ERM") program which leverages a formal risk governance structure and framework to identify, assess and prudently manage SMUD's risk environment. The enterprise risk portfolio includes climate change. SMUD regularly reviews scientific findings related to climate change and in 2016 published its Climate Readiness Assessment and Action Plan. In 2024, SMUD began a significant update to its Climate Readiness Assessment and Action Plan which will include a framework for prioritizing climate adaptation and resilience investments across the organization. This update is expected to conclude in 2025.

***Energy Storage Systems.*** Assembly Bill 2514 ("AB 2514") requires the Board to re-evaluate energy storage goals every three years. In compliance with AB 2514, the Board established a target of 9 MW of energy storage procurement by December 31, 2020, which SMUD has procured. See "DEVELOPMENTS IN THE ENERGY MARKETS – State Legislation and Regulatory Proceedings – *Energy Storage Systems*" for further discussion of AB 2514. In September 2020, the Board directed that energy storage forecasts be implemented through SMUD's IRP process going forward. See "BUSINESS STRATEGY – Sustainable Power Supply and Transmission – *Renewable Energy and Climate Change*" above for a discussion of SMUD's IRP. SMUD is also evaluating how to couple utility-scale solar with utility-scale storage to support future system reliability needs and renewable energy goals.

***Meeting Peak Load.*** A significant consideration for SMUD will be how it addresses its system peak load. SMUD has implemented programs and tools, such as advanced metering, energy efficiency options, and time-of-day ("TOD") rates for residential customers, to help customers manage their costs while helping SMUD reduce its peak load. Analysis of 2023 data showed a reduction of approximately 132 MW, weather adjusted, for residential customers during the TOD peak period (5-8 p.m. local time). SMUD staff will continue to monitor the progress and results of the implementation of TOD rates and will use this information to inform future rate actions and load forecasts.

On September 16, 2021, the Board approved an optional residential Critical Peak Pricing rate (the "Peak Pricing Rate"), which went into effect June 1, 2022. The Peak Pricing Rate is designed to reduce load by increasing the price of energy when the grid is most impacted, up to 50 hours per summer. In exchange, customers on the rate will receive a per kWh discount on summer Off-Peak and Mid-Peak rates. SMUD is also exploring the use of more distributed energy resources and demand response programs that could further reduce SMUD's system peak.

***Operational Independence and Local Control.*** A key component of SMUD's business strategy is focused on maintaining its independence in operating and maintaining its resources. As such, SMUD has taken a number of actions to mitigate the potential impacts of various federal and state regulatory actions. For example, in 2002 SMUD established itself as an independent control area (now termed "Balancing Authority") within the Western Electricity Coordinating Council ("WECC") region. By removing itself from CAISO's Balancing Authority area, SMUD became responsible for balancing electric supply and



demand within its own service territory. This move substantially reduced fees paid to CAISO, preserved operational flexibility and helped to insulate SMUD from the uncertain regulatory environment and tariff structure of CAISO. In addition to decreased financial risks, this independence also reduced SMUD's exposure to the impacts of capacity and energy shortages in the CAISO Balancing Authority area. Further, as an independent Balancing Authority, SMUD continued to support the statewide electric grid in events of electrical emergencies requiring rotating outages, such as loss of major transmission lines or equipment, as provided in the statewide emergency plan. By 2006, the SMUD Balancing Authority footprint expanded north to the California-Oregon border and south to Modesto, to include the service areas of the WAPA, MID, Redding and Roseville, and TANC-owned 340-mile 500-kV California-Oregon Transmission Project ("COTP"). In October 2009, SMUD, with the coordination and cooperation of WAPA, joined the Western Power Pool Reserve Sharing Group, which supports reliability and reduces operating costs. In May 2011, BANC assumed the role of the Balancing Authority, though SMUD continues to oversee operation of the grid on behalf of BANC. BANC members share cost responsibility for balancing authority-related compliance obligations, liabilities, and operations. BANC also serves as an important venue for SMUD and other BANC members to collaborate with respect to operational and market improvements inside the BANC footprint and to preserve their operational independence. See "POWER SUPPLY AND TRANSMISSION – Balancing Authority Area Agreements." As described above, SMUD, through its participation in BANC, operates in the CAISO WEIM, which helps SMUD better manage the integration of renewable energy resources. The CAISO WEIM is a voluntary market, which allows SMUD to maintain its operational independence from the CAISO, while providing SMUD greater access to balancing resources throughout the western region. See "POWER SUPPLY AND TRANSMISSION – Balancing Authority Area Agreements."

### **Electricity, Natural Gas, and Related Hedging**

SMUD continues to utilize a comprehensive and integrated power and fuel supply strategy to acquire a reliable and diversified portfolio of resources to meet existing and future needs. This strategy includes a combination of both physical supply and financial hedging transactions to reduce price risk exposure over a five-year horizon. SMUD's physical supply arrangements include ownership of power generating resources, as well as a diversified portfolio of power and fuel supply purchase contracts that range in duration, with a mixture of fixed and variable pricing terms.

With regard to the power purchase contracts, SMUD has entered into a series of contracts for the purchase of electricity to supply the portion of its resource needs not already provided by owned resources. SMUD also actively manages its exposure on variable rate electricity purchases, and at times may enter into financial contracts to fix prices by using options to reduce price risk, in each case when warranted by economic conditions. See "POWER SUPPLY AND TRANSMISSION – Power Purchase Agreements."

With regard to fuel supply contracts, SMUD utilizes a similar strategy of employing financial contracts of various durations to hedge its variable rate fuel supply contracts. As of April 1, 2025, these contracts are forecasted to have hedged the price exposure on approximately 100%, 85% and 61% of SMUD's anticipated natural gas requirements for 2025, 2026 and 2027, respectively. While the financial effects resulting from the unhedged portions of SMUD's natural gas requirements are difficult to predict, SMUD's financial results could be materially impacted. See "POWER SUPPLY AND TRANSMISSION – Fuel Supply – *Supply*."

As provided in SMUD's natural gas contracts, SMUD may be required to post collateral to various counterparties. As of March 31, 2025, SMUD did not have any collateral posting obligations. A decrease in natural gas prices could result in a collateral posting by SMUD. While the posting of collateral is not an expense for SMUD, it does temporarily encumber unrestricted cash balances.



To hedge against hydroelectric production volatility of SMUD-owned hydroelectric facilities, SMUD implemented a pass-through rate component called the Hydro Generation Adjustment (the “HGA”), and established a Hydro Rate Stabilization Fund (the “HRSF”). Similarly, to hedge against hydroelectric production volatility of non-SMUD-owned hydroelectric facilities, SMUD implemented a HGA and established a WAPA Rate Stabilization Fund (“WRSF”). These rate stabilization funds and rate pass through mechanisms help to offset increased power supply or fuel supply costs in years where precipitation levels at SMUD-owned and non-SMUD-owned hydroelectric facilities are low. See “RATES AND CUSTOMER BASE – Rate Stabilization Funds.”

## **Managing Risks**

SMUD maintains an Enterprise Risk Management (“ERM”) program, a strategic approach to managing enterprise-wide risks as a portfolio, to help reduce the chance of loss, create greater financial stability and protect SMUD resources. It is designed to maintain an early warning system to monitor changes in, and the emergence of, risks that affect the organization’s business objectives. Under the purview of the Enterprise Risk Oversight Committee, composed of executive members and chaired by the Chief Financial Officer, ERM conducts ongoing risk identification, assessments, monitoring, mitigation and reporting. To ensure accountability and oversight, each identified risk is assigned to an executive or director-level risk owner. Risk status and mitigation efforts are reported quarterly to the Board.

## **Competitive Challenges**

In the coming decade, utilities like SMUD may face competition from companies in other industries looking to diversify into the energy sector. Examples of developing competitive areas include retail sale of electricity, distributed electric storage resources, renewable distributed generation (mostly solar in Sacramento), customer installation of fuel cells, third-party electric vehicle charging, home or business automation that enables greater customer participation in energy markets, and third-party provision of energy management software and solutions.

SMUD has a wide range of initiatives to monitor and adapt to changing market conditions and new industry participants. Key areas of focus include:

- Enhancing customer experience. Recognizing the importance of meeting customer expectations, SMUD introduced the Customer Experience Strategy in 2016 to provide customers “value for what they pay” and further strengthen customer loyalty. The initiative is focused on ensuring SMUD has the people, systems, technology, programs and services to consistently meet or exceed customers’ changing expectations. The customer experience is measured via surveys with the goal of achieving 80% of customers agreeing that SMUD provides them with value for what they pay by 2030.
- Maintaining competitive rates. SMUD’s rates are currently among the lowest in California relative to other electricity providers in the State. SMUD has a number of risk mitigation and financial management strategies that it expects to use to keep rates competitive. See “BUSINESS STRATEGY – Sustainable Power Supply and Transmission” and “RATES AND CUSTOMER BASE.”
- Ongoing integrated resource planning. SMUD monitors and updates its integrated resource planning to ensure future sources of energy balance cost, reliability and environmental requirements with the flexibility to meet challenges of changing market and regulatory conditions, customer energy resources, and emerging technologies.



## Leveraging Core Competencies

In addition to these initiatives, SMUD is leveraging core competencies to improve industry safety and help communities serve their customers' energy needs.

***Sacramento Power Academy.*** The Sacramento Power Academy is SMUD's operational training center providing training support for all of SMUD's skilled trades professionals. Operating on a 10-acre training facility the academy oversees SMUD's 14 skilled trades apprenticeships. The academy's experienced training professionals serve as liaisons and mentors to apprentices progressing through on-the-job training, program testing, night schooling, and extensive training components. The academy also ensures SMUD's skilled trades professionals are safe and compliant by coordinating and delivering annual regulatory and safety training. The academy is also a workforce development hub utilized by SMUD to increase awareness of and interest in skilled trades careers at SMUD, in SMUD's community, and in the utility industry.

***Community Energy Services.*** In 2002, Assembly Bill 117 was passed to establish Community Choice Aggregation in the State by authorizing Community Choice Aggregators ("CCAs") to aggregate customer electric load and purchase electricity for customers. SMUD's Community Energy Services department was established in 2017 to help CCAs to support public power while also generating additional revenue for SMUD. About half of the State is now served by a CCA. CCAs are responsible for procuring wholesale power, setting the generation rate, delivering billing data to the local investor-owned utility ("IOU") to include on customer bills, providing customer care, offering customer programs, engaging the community and more. The local IOU is responsible for delivery of electricity on the electric grid, maintaining its electric infrastructure, printing customer bills and collecting customer payments.

In October 2017, SMUD was selected by the governing board of Valley Clean Energy ("VCE") to provide technical, energy and support services, including data management and call center services, wholesale energy services, and business operations support, to VCE for a five year term expiring May 31, 2023. SMUD and VCE executed a new contract for data management, contact center, billing, custom reporting, consulting, customer program, electrification concierge, CRM systems, and debt collection services that expires on December 31, 2029. VCE is a joint powers agency formed in 2016 by the City of Woodland, the City of Davis and Yolo County to implement a local CCA program. The service territory expanded to include the City of Winters in 2021.

In November 2017, SMUD was selected by the governing board of Ava Community Energy ("Ava") to provide call center, billing and data management services for a three-year term beginning in January 2018. SMUD signed a new contract with Ava in January 2022 for call center, billing, data management services, debt collection, CRM systems, and custom reporting, for two additional terms totaling five years, ending December 2026. Ava is a joint powers agency formed in 2016 by the cities of Albany, Berkeley, Dublin, Emeryville, Fremont, Hayward, Livermore, Oakland, Piedmont, San Leandro and Union City in Alameda County to implement a local CCA program. Ava expanded its territory to the cities of Pleasanton, Newark, and Tracy in April 2021.

In June 2019, SMUD was selected by the governing board of Silicon Valley Clean Energy ("SVCE") to provide a customer programs service to help local SVCE communities reduce carbon pollution while delivering engaging customer experiences. This contract was extended through September of 2024. In June 2023, SMUD was selected through a competitive process as SVCE's electrification concierge service vendor for three years. In December 2023, SMUD was again selected through a competitive process to provide SVCE with contact center, CRM systems, market research, and customer programs service for five years. SVCE is a joint powers agency formed in 2016 by the cities of Campbell, Cupertino, Gilroy,



Lost Altos, Los Altos Hills, Los Gatos, Milpitas, Monte Sereno, Morgan Hill, Mountain View, Saratoga, Sunnyvale and Unincorporated Santa Clara County to implement a local CCA program.

In July 2022, SMUD was selected by the governing board of Marin Clean Energy (“MCE”) to provide data management, billing, and data analytic services to MCE through December 2027. MCE is a joint powers agency formed in 2010 and represents 37 member communities across four Bay Area counties: Contra Costa, Marin, Napa and Solano.

In September 2022, SMUD was selected through a competitive process by the governing board of Sonoma Clean Power (“SCP”) to provide market research services to SCP. In January of 2023, SMUD was selected to provide strategic consulting services, providing recommendations related to programs and marketing. In 2024, SMUD was selected to provide data management, billing, contact center, debt collection and custom reporting services through December 31, 2029. SCP is a joint powers agency that serves Sonoma and Mendocino counties.

In 2024, SMUD was selected through a competitive process by the governing board of San Jose Clean Energy (“SJCE”) to provide customer programs service through August 28, 2026. SJCE serves residents of the City of San Jose.

In 2024, SMUD was selected through a competitive process by the governing board of Central Coast Community Energy (“3CE”) to provide CRM services through August 30, 2027. 3CE serves customers throughout Monterey, San Benito, San Luis Obispo, Santa Cruz and Santa Barbara counties.

While CCAs have had success in the State, they are susceptible to business, regulatory and other risks that could lead to a financial loss and/or result in a cessation of operations for the CCA. These risks could extend to a CCA’s counterparties, including SMUD. SMUD has made an effort to identify and mitigate potential counterparty risks to the extent possible in service agreements with the CCAs described above. SMUD may pursue opportunities to provide similar services to additional organizations in the future. SMUD management does not expect its current arrangements to have a material adverse impact on SMUD’s financial position, liquidity or results of operations.

## **FACTORS AFFECTING THE REGION**

### **Precipitation Variability**

SMUD uses a precipitation measuring station located at Fresh Pond, California to approximate available water supply to SMUD’s Upper American River Project (the “UARP”) hydropower reservoirs. As of March 31, 2025, precipitation at Fresh Pond, California totaled 44 inches for the October-September hydropower water supply period. This is 100% of the 50-year rolling median of 44 inches. Total reservoir storage in the UARP hydropower reservoirs was 285 thousand acre-feet as of March 31, 2025, which was about 87% of capacity and approximately 7% above the historical average. SMUD manages its reservoirs to maximize water storage going into the summer season, which preserves generating capacity during SMUD’s high load months and ensures that SMUD meets its UARP FERC license requirements, including requirements for recreational and environmental flows.

There can be wide swings in precipitation from year to year. In years with below average rainfall, SMUD may have to generate or purchase replacement energy at additional cost. To hedge against variations in the volume of energy received from SMUD-owned UARP hydroelectric resources, SMUD uses the HRSF to help offset increased power supply or fuel supply costs. See “RATES AND CUSTOMER BASE – Rate Stabilization Funds.”



SMUD is also exposed to precipitation variability through its contract with WAPA. In an average water year this contract provides roughly 661 gigawatt hours (“GWh”) of power. WAPA’s actual deliveries are based on hydroelectric generation (minus energy use for pumping) at Central Valley Project reservoirs in Northern California, which varies based on annual precipitation patterns, water deliveries for agriculture, and flow requirements in the Sacramento-San Joaquin River Delta. Unlike the UARP, SMUD does not monitor precipitation stations to approximate power deliveries under the WAPA contract, and instead relies on a forecast of power deliveries from WAPA. As of March 31, 2025, WAPA has forecasted power deliveries of 781 GWh for 2025, approximately 18% more than an average water year. See “POWER SUPPLY AND TRANSMISSION – Power Purchase Agreements – *Western Area Power Administration*.”

## **Wildfires**

**General.** Wildfires in the State have become increasingly common and destructive. Frequent drought conditions and unseasonably warm temperatures have increased, and could further increase, the possibility of wildfires occurring in areas where SMUD maintains generation, transmission and distribution facilities. The number of diseased and dead trees has increased, and could further increase, this possibility. In response, SMUD has proactively removed damaged, diseased, or otherwise hazardous trees within and adjacent to its rights-of-way as part of its vegetation management and wildfire mitigation programs. While these efforts reduce potential wildfire risk, SMUD cannot eliminate all future risk or liabilities associated with falling trees or vegetation, particularly those located outside of SMUD’s easements or control. As a result, SMUD faces an increased risk that it may be required to pay for wildfire related property damage or personal injuries, fines and penalties, some of which may not be covered by insurance (including costs in excess of applicable policy limits), or may be disputed by insurers, and could be material. In addition, a significant fire or fires in SMUD’s generation, transmission or service area could result in damage or destruction to SMUD’s facilities, result in a temporary or permanent loss of customers or otherwise materially increase SMUD’s costs or materially adversely affect SMUD’s ability to operate its Electric System or generate revenues.

SMUD’s service territory is located within Sacramento County, which is located outside the California Public Utilities Commission (the “CPUC”) high fire threat areas established in 2018. However, as described below, SMUD’s UARP facilities and certain of SMUD’s and TANC’s transmission facilities are within CPUC high fire threat areas. In addition, as described below, certain portions of SMUD’s service territory are located within the California Department of Forestry and Fire Protection (“Cal Fire”) Fire Protection and Resource Assessment Program (“FRAP”) Moderate, High and Very High Fire Hazard Severity Zones. SMUD’s exposure to liability for damages related to its UARP facilities, which are located within high fire threat areas in El Dorado County, is reduced due to risk mitigation measures adopted by SMUD and the low number of inhabitants and structures near the UARP facilities (See “Wildfire Mitigation” below).

SMUD continues to take responsible action to minimize its exposure to liability from wildfires; however, under current State law, utilities can be held liable for damages caused by wildfires sparked by their equipment or other facilities regardless of whether the utility was negligent or otherwise at fault. PG&E and other major IOUs and publicly owned utilities (“POUs”) in the State have experienced credit rating downgrades as a result of potential wildfire liability exposure, which may have implications for the electric market generally. At this time the full extent of SMUD’s potential exposure to wildfire risk is unknown.

**Distribution (SMUD Service Territory).** State law requires Cal Fire to classify areas in the State based on the severity of the fire hazard that is expected to prevail there. These areas or “Fire Hazard Severity Zones” are based on factors such as fuel (material that can burn), slope and the expected chance of burning. There are three Fire Hazard Severity Zones (Moderate, High and Very High) based on



increasing fire hazard. Portions of SMUD’s service territory are located within these Fire Hazard Severity Zones. SMUD has assessed its service territory based on Cal Fire’s FRAP map, adopted in 2007; the following table illustrates SMUD’s assessment of the approximate extent of its service territory and retail customer base located within the three Fire Hazard Severity Zones as of March 2025.

<b>Fire Hazard Severity Zone</b>	<b>Moderate</b>	<b>High</b>	<b>Very High</b>
Acres of SMUD Service Area	165,840	28,871	2,727
% of Total SMUD Service Area	29.0%	5.1%	0.5%
Number of Retail Customers	26,737	1,471	211
% of Total Retail Customers	3.7%	0.2%	0.0%

***Transmission (Outside of SMUD Service Territory).*** In 2018, the CPUC approved a new statewide fire map that identifies areas of elevated and extreme wildfire risk from utility-associated assets located throughout the State. SMUD directly participated in the development of the CPUC’s statewide fire map. In connection with the development of the CPUC’s statewide fire map, a peer review and a team of independent nationwide experts led by Cal Fire affirmed that SMUD’s electric service area is properly located outside of these elevated (“Tier 2”) and extreme (“Tier 3”) high fire threat areas; however, SMUD’s UARP facilities are located within both Tier 2 and Tier 3 areas. According to the CPUC, Tier 2 fire-threat areas are areas where there is an elevated wildfire risk from utility assets and Tier 3 fire-threat areas are areas where there is an extreme risk from utility assets. As of June 8, 2023, approximately 37 right-of-way miles of SMUD’s transmission lines are in Tier 2 fire-threat areas and approximately 19 right-of-way miles of SMUD’s transmission lines are in Tier 3 fire-threat areas. SMUD is also a member of TANC. As of May 2024, approximately 116.3 right-of-way miles of TANC’s transmission lines are in Tier 2 fire-threat areas and approximately 4.5 right-of-way miles of TANC’s transmission lines are in Tier 3 fire-threat areas. In accordance with its FERC license, SMUD adheres to a FERC-approved Fire Prevention and Response Plan for its UARP facilities. On May 17, 2018, in accordance with State law, SMUD’s Board of Directors determined that the UARP area may have a “significant risk of catastrophic wildfire” resulting from overhead electric facilities and that SMUD’s FERC-approved UARP Fire Prevention and Response Plan meets requirements for presenting wildfire mitigation measures to the Board for its approval.

***Pending CPUC Fire Threat Map Update.*** The CPUC’s existing statewide fire-threat map is currently undergoing a scheduled update. The revised map is expected to reflect updated vegetation, topographic, and climate risk data and may expand or otherwise change the designation of Tier 2 and Tier 3 wildfire threat areas. SMUD is monitoring this process closely. While the timing and scope of the map revisions remain uncertain, any reclassification of areas within or near SMUD’s or TANC’s electric facilities could affect wildfire risk mitigation planning, operational protocols, insurance coverage, and associated costs. At this time, SMUD is unable to predict the specific impact of the CPUC’s forthcoming map update but continues to take proactive measures to reduce wildfire risk and ensure regulatory compliance. [check for any update prior to POS posting]

***Wildfire Mitigation.*** In response to potential wildfire risk, SMUD has implemented and is continuing to implement a series of measures intended to prevent wildfires from occurring, minimize the spread of any fire that does occur and improve the resiliency of its system. These measures include an increase in the degree of sophistication of fuel reduction inside and adjacent to rights-of-ways; installation of Cal Fire-approved exempt material to reduce the risk of sparking; enhanced inspection and maintenance programs; increased use of ignition-resistant construction, including covered conductors and undergrounding of conductors; increased monitoring of and identified responses to fire conditions, including operational procedures for the de-energization of lines during high fire conditions; and



elimination of automatic reclosers on SMUD's transmission lines and on SMUD's distribution lines in certain areas during fire season.

SMUD's proactive approach to vegetation management has been expanded to include the use of advanced technologies such as Light Detection and Ranging ("LiDAR"), ortho and oblique imagery that is used to pinpoint tree health and/or condition that may not yet be visible to the naked eye. In addition, SMUD has installed additional weather stations in transmission corridors and substations for increased situational awareness and has continued coordination and collaboration with local agencies and first responders as well as vulnerable populations.

State legislation enacted in 2018 and 2019 (SB 901 and AB 1054, respectively) requires POUs to prepare and present wildfire mitigation plans at a noticed public meeting to their governing boards by January 1, 2020, and annually thereafter. SB 901 requires POU's to accept comments on the wildfire mitigation plan from the public, other local and State agencies, and interested parties, and to verify that the plan complies with all applicable rules, regulations, and standards, as appropriate. The bill requires a qualified independent evaluator to review and assess the comprehensiveness of its wildfire mitigation plan and present its report to the board in a public meeting. AB 1054 created a new Wildfire Safety Division within the CPUC to prioritize wildfire safety throughout the State, and established an appointed Wildfire Safety Advisory Board ("WSAB") to advise and make recommendations relating to wildfire safety to this new Division. Effective July 1, 2021, pursuant to AB 111, the Wildfire Safety Division transitioned from the CPUC to the newly established Office of Energy Infrastructure Safety within the California Natural Resources Agency. This Office now oversees the review of wildfire mitigation plans for IOUs and continues to receive input and advisory opinions from the WSAB. For POUs, the bill requires submittal of annual wildfire mitigation plans to the WSAB for review and advisory opinions relating to the content and sufficiency of the plans. As described below, SMUD continues to submit its annually updated wildfire mitigation plans and respond to recommendations from the WSAB in accordance with applicable statutory requirements.

SMUD assembled an enterprise-wide team of subject-matter experts to prepare its plan in compliance with this legislation. SMUD's initial Wildfire Mitigation Plan ("WMP") was adopted by the Board in the fourth quarter of 2019, after circulation for public comment and review of the comprehensiveness of the plan by a qualified independent evaluator. The WMP and evaluator's report were submitted to the WSAB in 2020.

SMUD reviews its WMP each year, presenting the updated plan to the Board for adoption at duly noticed public meetings. The updated plans and evaluator reports are submitted to the WSAB for advisory opinion and recommendations. SMUD responds to the WSAB's comments regarding SMUD's WMP as part of its WMP process. SMUD will continue to annually review and update its WMP, conducting a comprehensive review at least every third year.

In 2023, SMUD completed a comprehensive review and update of its WMP after soliciting public input and independent evaluation. The 2023-2025 WMP was adopted by the Board on June 15, 2023, and duly submitted to the WSAB. SMUD updated the WMP in 2024 and duly submitted the 2024 Update adopted by the SMUD Board to the WSAB.

**Wildfire Insurance.** Wildfires both in California and nationally have not only increased potential liability for utilities, but have also adversely impacted the insurance markets, leading to higher costs for coverage; coverages becoming prohibitively expensive; limited or restricted coverage to certain types of risks; or coverage at insufficient levels. SMUD most recently renewed its general and wildfire liability insurance coverage on June 15, 2024, increasing the coverage limit by \$15 million to \$290 million. SMUD



increased the commercially insured portion of its wildfire coverage program from \$212.5 million to \$241.5 million and reduced the self-insured layers and quota share portions of the coverage to \$48.5 million.

In addition, it is expected that SMUD will have a portion of the \$500 million aggregate principal amount of its commercial paper and line of credit program to provide operational flexibility in the event of the occurrence of a wildfire or other operational event. However, SMUD has not covenanted to maintain the availability of the commercial paper program and line of credit program for these purposes and no assurances can be given that the commercial paper and line of credit program will be available at the time of, or during, such an event.

### **Recent Heatwaves**

California has experienced several prolonged and extreme heat events in recent years that have placed significant stress on the State's electric grid. During the August 2020 heatwave (August 14–18), the CAISO implemented rotating outages across the State. As a member of the BANC and operating outside of CAISO, SMUD did not implement any planned power disruptions and was able to provide emergency assistance and wholesale market sales to CAISO during certain hours. SMUD's peak load during this event ranged between 2,874 MW and 3,057 MW, well below its all-time system peak of 3,299 MW. More recently, during the September 2022 heatwave (September 5–8), SMUD recorded a peak demand of 3,263 MW, the second highest in its history. Again, SMUD was able to meet customer demand without implementing any planned outages. While SMUD has maintained system reliability during past extreme weather events, it cannot predict the occurrence, duration, or intensity of future heatwaves or their potential impacts on electric load, generation, transmission, distribution system performance and such events could materially adversely affect SMUD's operations or financial results.

### **Storm Damage**

In January 2023, SMUD experienced a series of winter storms that brought heavy rains and high winds causing damage to SMUD's grid and widespread outages for SMUD's customers. By the time the storm response was complete, SMUD had experienced the largest mobilization of personnel and restoration crews in its history. SMUD incurred costs related to removing downed trees, restoring power from downed poles and broken lines, replenishing inventory, communicating with and providing assistance to customers, maintaining IT systems, and coordinating with local emergency agencies. SMUD is pursuing claims with Federal and State agencies to attempt to recover certain of SMUD's costs related to the storms. The material financial impacts have been reflected in SMUD's audited financial statements for the years ended December 31, 2024 and December 31, 2023, which are included in APPENDIX B.

### **Cosumnes Power Plant Outage**

On June 5, 2022, the Cosumnes Power Plant (as defined herein) was shut down due to a ground fault in the Steam Turbine Generator ("STG") stator. The ground fault was caused by delamination of the insulation on one of the through bolts. Damage from the ground fault resulted in a full rewind and restack of the stator core, replacement of all stator through bolts, and a full rewind of turbine rotor. The Cosumnes Power Plant repairs were completed in February 2023 and the plant returned to service on March 5, 2023. During the extended outage, SMUD shifted generation to the other local gas-fired plants and the Sutter Energy Center and procured additional energy and resource adequacy capacity. SMUD also requested and received approval from the California Air Quality Board and California Energy Commission to operate one or both of the gas turbines without the STG. During a heatwave in September 2022, both of the gas turbines at the Cosumnes Power Plant were operated without the STG, providing 270 MW at peak.



To mitigate the financial impact of unplanned outages from its thermal assets, SMUD carries commercial property insurance with a business interruption endorsement. At the time of the loss, the coverage provided up to \$30.8 million of business interruption recovery per month at the Cosumnes Power Plant, with a sub-limit of \$310 million over any 18-month period. During the policy period, claims were subject to a \$5 million equipment damage deductible and a 60-day business interruption claims waiting period.

In February 2024, SMUD reached a settlement for the equipment damage portion of the loss, of \$18.6 million, which resulted in a net recovery of \$13.6 million. The business interruption aspect of the claim had a 60-day waiting period and was settled in three phases: an early advance payment shortly after the loss in December 2022, a partial settlement in January 2024, and a final negotiated settlement in mid-2024. The total recovery for business interruption across these three payments was \$138.9 million.

### **Potential Impacts from Future Uncertainties**

Although the impacts from the COVID-19 pandemic have significantly diminished, SMUD remains vigilant in assessing risks associated with future large-scale disruptions. SMUD's operations, financial position, and customer demand may be affected by future public health emergencies (including pandemics or epidemics), economic volatility, inflationary pressures, supply chain disruptions, labor shortages, changes in regulatory or legislative environments, imposition of tariffs, or other macroeconomic conditions beyond SMUD's control.

These risks could result in increased costs, delays to capital projects, changes in customer energy usage patterns, or an increase in delinquent customer accounts. In response, SMUD continues to enhance its enterprise risk management practices, develop contingency strategies, and maintain financial flexibility to help mitigate the effects of such events on operations and service reliability.

## **RATES AND CUSTOMER BASE**

### **Rates and Charges**

SMUD's Board of Directors has autonomous authority to establish the rates charged for all SMUD services. Unlike IOUs and some other municipal utility systems, retail rate and revenue levels are not subject to review or regulation by any other federal, State or local governmental agencies. Changes to SMUD rates only require formal action by the Board of Directors after two public workshops and a public hearing. SMUD is not required by law to transfer any portion of its collections from customers to any local government. SMUD typically reviews and sets rates on a two-year cycle.

#### ***2019 Rate Action.***

On June 24, 2019, the Board approved a 3.75% rate increase effective January 1, 2020, a 3.00% rate increase effective October 1, 2020, a 2.50% rate increase effective January 1, 2021, and a 2.00% rate increase effective October 1, 2021, for all customer classes. Additionally, the Board approved a restructuring of the commercial rates, including new time periods and an overall increase in the fixed bill components, such as the System Infrastructure Fixed Charge and demand charges, and a corresponding decrease in energy charges, making the restructuring revenue neutral by rate category. To minimize bill impacts, rate categories will be restructured over an eight-year period.



### ***2021 Rate Action.***

On September 16, 2021, the Board approved a 1.5% rate increase effective March 1, 2022, and a 2.0% rate increase effective January 1, 2023, for all customer classes. Additionally, the Board approved the Solar and Storage Rate, the optional residential Peak Pricing Rate, and updates to certain schedules of SMUD's Open Access Transmission Tariff ("OATT"). The Board also approved a new timeline for the commercial rate restructure transition, and all impacted commercial customers were transitioned to the new rates by the end of the first quarter of 2022.

SMUD also implemented a solar interconnection fee based on the size of solar interconnection and supporting programs such as battery incentives, incentives to enroll in SMUD's Critical Peak Pricing Rate, battery incentives for Virtual Power Plants, and a program to bring the benefits of solar to under-resourced multi-family communities. These programs and fees are not subject to Board approval.

### ***2023 Rate Action.***

On September 21, 2023, the Board approved a 2.75% rate increase effective January 1, 2024, a 2.75% rate increase effective May 1, 2024, a 2.75% rate increase effective January 1, 2025, and a 2.75% rate increase effective May 1, 2025, for all customer classes. The Board also approved establishing the Energy Assistance Program Rate ("EAPR") Rate Stabilization Fund, which will provide an additional discount to those low-income customers with the greatest need. The discount will be funded with discretionary, non-retail rate revenue, as to not have an impact on any future required rate changes. There is currently pending litigation concerning the adoption of the 2023 rates. See "LEGAL PROCEEDINGS – Proposition 26 Lawsuit."

### ***2025 Rate Action.***

On June 19, 2025, the Board will vote on the proposed 3.0% rate increases effective January 1, 2026, and January 1, 2027. The proposal also includes an optional rate for residential customers designed for low users that have a panel size of 125 amps or less. The optional rate will have a lower monthly fixed charge and higher energy rates to make it revenue neutral. In addition, the Board will vote on a proposed update to SMUD's OATT.

### **Rate Stabilization Funds**

The Rate Stabilization Fund ("RSF") is maintained by SMUD to reduce the need for future rate increases when costs exceed existing rates. At the direction of the Board, amounts may be either transferred into the RSF (which reduces revenues) or transferred out of the RSF (which increases revenues). The Board authorizes RSF transfers on an event driven basis. The RSF includes funds to hedge variations in the volume of energy received from WAPA hydroelectric generation, variations in commodity expenses, variation in AB 32 revenue and variations in Low Carbon Fuel Credit ("LCFS") revenue. As of December 31, 2024, the balance in the RSF was \$212.4 million, which is approximately 11.9% of annual retail revenue.

Effective July 2008, SMUD implemented the HGA, which is a pass-through rate component to deal with variations in hydroelectric generation from the UARP (see "POWER SUPPLY AND TRANSMISSION – Power Generation Facilities – *Hydroelectric*"). The HGA is designed to increase revenues in dry years when SMUD must buy power to replace hydroelectric generation and return money to the HRSF in wet years when SMUD has more hydroelectric generation than expected. Each year SMUD determines the impact of precipitation variances on projected hydroelectric generation from the UARP. When the precipitation variance results in a deficiency of hydroelectric generation from the UARP, transfers



from the HRSF, which was created as a component of the RSF, to SMUD's available cash, will be made in an amount approximating the cost to SMUD of replacement power (up to 4% of revenues) until the balance in the HRSF is zero. When the precipitation variance results in a projected surplus of hydroelectric generation from the UARP, deposits will be made into the HRSF in an amount approximating the positive impact to SMUD from the surplus hydroelectric generation (up to 4% of revenues) until the balance in the HRSF is equal to 6% of budgeted retail revenue. If the balance in the HRSF is not sufficient to cover transfers that would otherwise be made in the event of a projected deficiency in UARP hydroelectric generation, a 12-month HGA surcharge will automatically be included on customers' electric bills at a level that generates up to 4% of retail revenue. If the balance in the HRSF is equal to 6% of budgeted retail revenue on any precipitation variance calculation date and the precipitation variance results in a projected UARP hydroelectric generation surplus, the positive impact of the surplus may be used for other purposes at staff's recommendation, with the approval of the Board, including returned to customers through an electric bill discount up to 4% of retail revenue. SMUD calculates HRSF transfers based on an April-March (water year) precipitation period at Fresh Pond, California. This precipitation station is used to approximate available water supply to SMUD's UARP hydropower reservoirs. As of March 31, 2025, and based on the current HRSF water year precipitation forecast, SMUD [transferred \$7.2 million] out of the HRSF in April 2025.

In September 2023, SMUD added a pass-through rate component to deal with variations in hydroelectric generation from WAPA. Each year SMUD determines the WAPA Energy Delivery Variance ("EDV") based on forecasted energy delivery minus the actual energy delivery. When the EDV variance is positive, transfers from the WRSF, which was created as a component of the RSF, to SMUD's available cash, will be made in an amount approximating the cost to SMUD of replacement power (up to 2% of revenues) until the balance in the WRSF is zero. If the balance in the WRSF is not sufficient to cover transfers that would otherwise be made in the event of a projected deficiency in WAPA hydroelectric generation, a 12-month HGA surcharge will automatically be included on customers' electric bills at a level that generates up to 2% of retail revenue. When the EDV variance is negative, deposits will be made into the WRSF in an amount approximating the positive impact to SMUD from the surplus hydroelectric generation (up to 2% of revenues) until the balance in the WRSF reaches a maximum of 4% of budgeted retail revenue. Any deposit amount that exceeds the WRSF maximum of 4% of budgeted retail revenue, may be used for other purposes with the approval of the Board, including returned to customers through an electric bill discount up to 2% of retail revenue. SMUD calculates WRSF transfers based on a forecasted delivery as provided by WAPA. As of March 31, 2025, and based on the current WRSF water year precipitation forecast, SMUD [transferred \$3.5 million] into the WRSF in April 2025.

As of December 31, 2024, the balance in the RSF, not including the HRSF, was \$212.4 million, which is approximately 11.9% of annual retail revenue. SMUD transferred approximately \$8.3 million out of the HRSF into SMUD's available cash in April 2024 due to below average precipitation, which decreased the balance in the HRSF from \$96.4 million to \$88.0 million. Although the HRSF and the subaccount of the RSF that hedge variations in the volume of energy received from non-SMUD hydroelectric generation currently have positive balances, below average precipitation could deplete the HRSF and RSF balances to zero.

### **Income-Eligible Discount**

As of December 2024, approximately 76,583 customers received the income-eligible discount offered by SMUD, which represents approximately 13% of all residential customers. In 2024, the total discount was approximately \$33.6 million. While the income-eligible discount has provided substantial benefits to income-eligible customer bills for years, multiple economic variables, such as inflation and rate increases, have had disproportionately negative impacts on low-income customers, particularly those in the 0-50% Federal Poverty Level ("FPL"). In 2023, SMUD established an EAPR Rate Stabilization Fund



(“ERSF”) to provide an additional discount to the electricity usage charge up to an established maximum discount (“ERSF Additional Discount”) for customers in the 0-50% FPL. The ERSF is funded by discretionary non-retail rate revenue, reviewed on an annual basis, and the specific monthly ERSF Additional Discount is set before the year the value is in effect.

SMUD expanded its programs and services starting in 2016 to help customers with energy assistance, home improvement packages and education. SMUD is creating tailored solutions to best meet the needs of income-eligible customers. These solutions include free solar panels and inspecting homes to identify energy saving and fuel switching opportunities. As of December 2024, SMUD has assisted over 31,500 customers with energy retrofits and education. In partnership with Grid Alternatives (a non-profit organization that focuses on implementing solar power and energy efficiency for income-eligible families), Community Resource Project and Habitat for Humanity of Greater Sacramento, SMUD provided free solar installations to over 83 income-eligible customers between 2023 and 2024. As part of SMUD’s Zero Carbon Plan and the focus on building electrification, SMUD has also been ramping up electrification investments for income-eligible customers. Since 2019, SMUD has assisted more than 3,000 households with electrification upgrades, including nearly 496 electric vehicle chargers and more than 413 electric vehicle circuits in income-eligible households or areas that serve income-eligible customers. Through these initiatives, SMUD is dedicated to enhancing energy accessibility and sustainability for its community.

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## Rate Comparisons

SMUD's rates remain significantly below those of PG&E and other large utilities throughout the State. The following table sets forth the average charges per kWh by customer class for both SMUD and PG&E. PG&E's rates reflect their recently approved rate increase effective January 1, 2025.

### AVERAGE CLASS RATES

	SMUD Rates (cents/kWh) <sup>(1)</sup>	PG&E Rates (cents/kWh) <sup>(2)</sup>	Percent SMUD is Below PG&E <sup>(3)</sup>
Residential – Standard	19.70¢	42.47¢	53.6%
Residential – Low Income	13.53¢	24.76¢	45.4%
<b>All Residential</b>	18.88¢	35.88¢	47.4%
Small Commercial (Less than 20 kW)	19.31¢	43.57¢	55.7%
Small Commercial (21 to 299 kW)	17.82¢	43.18¢	58.7%
Medium Commercial (300 to 499 kW)	16.74¢	38.63¢	56.7%
Medium Commercial (500 to 999 kW)	15.51¢	33.91¢	54.3%
Large Commercial (Greater than 1,000 kW)	12.75¢	22.47¢	43.3%
Lighting – Traffic Signals	15.19¢	43.27¢	64.9%
Lighting – Street Lighting	17.83¢	46.75¢	61.9%
Agriculture	16.83¢	39.23¢	57.1%
<b>System Average</b>	17.28¢	35.04¢	50.7%

<sup>(1)</sup> Projected 2025 average prices for SMUD with rates effective May 1, 2025.

<sup>(2)</sup> PG&E average prices in 2025 reflect rates effective January 1, 2025, per Advice Letter 7366-E dated December 30, 2024.

<sup>(3)</sup> The rates in the Average Class Rates table are calculated by dividing the total revenue of each class by the total usage of that class in kWh. The actual savings per customer will vary based on their electricity consumption.

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The following table shows a comparison of SMUD’s charges for the average residential usage of 750 kWh per month (based on an average of summer and non-summer months) and charges of seven similar neighboring or largest utilities in the State.

**STATEWIDE COMPARISON–RESIDENTIAL SERVICE**

	<b>Monthly Billing Charge 750 kWh<sup>(1)(2)</sup></b>	<b>Percent SMUD is (Below)/Above Utility</b>
Sacramento Municipal Utility District	\$141.04	
Pacific Gas & Electric Company	\$327.96	(57.0%)
Turlock Irrigation District	\$126.87	11.2%
Roseville Electric Utility	\$156.78	(10.0%)
Modesto Irrigation District	\$172.54	(18.3%)
Los Angeles Dept. of Water & Power	\$184.71	(23.6%)
Southern California Edison Company	\$271.47	(48.0%)
San Diego Gas and Electric Company	\$312.36	(54.8%)

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<sup>(1)</sup> Per individual utility’s published schedules as of January 1, 2025.

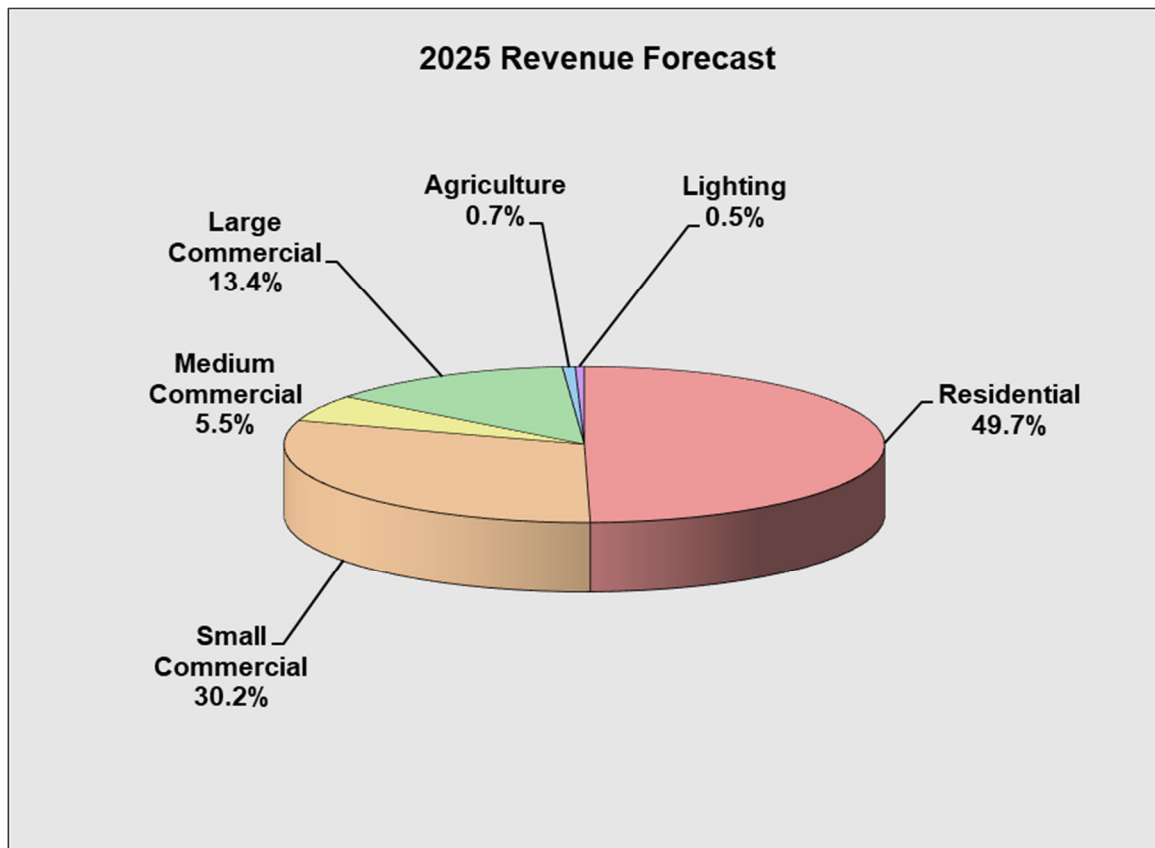
<sup>(2)</sup> Average usage of theoretical customer using 750kWh per month.

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### Allocation of Revenue by Customer Class

The following chart sets forth the forecast percentage of SMUD revenues from billed sales associated with each customer class.



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## Customer Base; Largest Customers

A stabilizing influence on SMUD's revenues is that a substantial proportion is derived from residential customers (50.1% in 2024). Historically, revenue from commercial and industrial consumption has been more sensitive to economic fluctuation. Furthermore, SMUD has no dominant customers that account for a significant percentage of annual revenues. In 2024, no single customer contributed more than 3% of revenues. The top ten customers generated approximately 9.5% of revenues and the top 30 generated approximately 15% of revenues. The following table presents information on SMUD's top ten customers as of December 31, 2024.

### SMUD'S LARGEST CUSTOMERS (As of December 31, 2024)

Customer Type	Annual Revenue (\$ millions)	% of Total Revenue
Government	36.62	2.06%
Government	34.95	1.97%
Technology	24.87	1.40%
Government	16.60	0.94%
Technology	11.15	0.63%
Communications	10.36	0.58%
Industrial Gases	9.38	0.53%
Government	8.88	0.50%
Retail	8.24	0.46%
Communications	7.89	0.44%
<b>Top 10 Total</b>	<b>168.93</b>	<b>9.52%</b>

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## POWER SUPPLY AND TRANSMISSION

### Power Supply Resources

The following table sets forth information concerning SMUD’s power supply resources as of March 31, 2025. Capacity availability reflects expected capacities at SMUD’s load center, as well as entitlement, firm allocations and contract amounts in the month of July, which is generally SMUD’s peak month.

### POWER SUPPLY RESOURCES (As of March 31, 2025)

Source:	Capacity Available (MW) <sup>(1)</sup>
<b>Generating Facilities:</b>	
Upper American River Project – Hydroelectric .....	697
Solano Wind Project – Wind <sup>(2)</sup> .....	114
Hedge Battery <sup>(2)</sup> .....	4
<b>Sub-total:</b> .....	<b>815</b>
<b>Local Gas-Fired Plants:</b>	
Cosumnes Power Plant .....	576
Carson Project.....	103
Procter & Gamble Project.....	166
McClellan .....	72
Campbell Soup Project .....	170
<b>Sub-total:</b> .....	<b>1,087</b>
<b>Purchased Power:</b>	
Western Area Power Administration (WAPA) <sup>(3)</sup> <sup>(4)</sup> .....	295
Grady – Wind <sup>(2)</sup> .....	51
Feed-in-Tariff Photovoltaic – Solar <sup>(2)</sup> .....	27
Rancho Seco Solar <sup>(2)</sup> .....	58
NTUA Navajo Drew Solar <sup>(2)</sup> .....	45
Great Valley – Solar <sup>(2)</sup> .....	35
Wildflower Solar <sup>(2)</sup> .....	3
Calpine Geysers – Geothermal .....	100
CalEnergy – Geothermal .....	26
Patua (Gradient/Vulcan) – Geothermal.....	12
Other Long-Term Contracts.....	16
ELCC Portfolio Adjustment <sup>(2)</sup> .....	64
Sutter Calpine Thermal .....	258
Firm Contract Reserves <sup>(4)</sup> .....	15
Committed Short-Term Purchases <sup>(5)</sup> .....	540
Uncommitted Short-Term Purchases/(Sales) .....	(1)
<b>Sub-total:</b> .....	<b>1,541</b>
<b>Total</b> .....	<b>3,443</b>

(1) Available capacity is the net capacity available to serve SMUD’s system peak load during the month of July.

(2) Capacity values for wind, solar, and storage projects shown are based on resource effective load carrying capability (“ELCC”) modeling.

(3) Total includes SMUD’s Base Resource share and WAPA Customer allocations.

(4) Assumes firm reserves of 5% are included.

(5) Committed Short-Term Purchases are primarily purchased on a year-ahead to season-ahead basis from various sources.

Note: Totals may not add due to rounding.



## Power Generation Facilities

**Hydroelectric.** The UARP consists of three relatively large storage reservoirs (Union Valley, Loon Lake and Ice House) with an aggregate water storage capacity of approximately 400,000 acre-feet and eight small reservoirs. Project facilities also include eight tunnels with a combined length of over 26 miles and nine powerhouses containing 11 turbines. In addition to providing clean hydroelectric power and operating flexibility for SMUD, the UARP area provides habitat for fish and wildlife and a variety of recreational opportunities, including camping, fishing, boating, hiking, horseback riding, mountain biking and cross-country skiing.

The combined capacity of the UARP is approximately 685 MW at SMUD's load center in Sacramento. Under current licensing and mean water conditions, these facilities are expected to generate approximately 1,600 GWh of electric energy annually, which represents approximately 15% of SMUD's current average annual retail energy requirements. In 1957, the Federal Power Commission (predecessor agency to FERC) issued a license to SMUD for the UARP. This 50-year license was subsequently amended to add and upgrade facilities and now includes all segments of SMUD's hydroelectric facilities located on the South Fork of the American River and its tributaries upstream from the Chili Bar Project (described below). On July 23, 2014, FERC issued to SMUD a new 50-year license for the UARP.

On November 9, 2016, FERC issued an Order authorizing SMUD to construct the South Fork Powerhouse downstream of the UARP's Slab Creek Dam. Construction was substantially completed in the fall of 2020, and the new powerhouse was placed into operation on October 25, 2022, adding 1.8 MW of generation to the UARP's overall capacity.

On June 16, 2021, pursuant to Board authorization, SMUD acquired the Chili Bar Hydroelectric Project which consists of a 7 MW powerhouse, reservoir, dam and spillway, north of Placerville on the South Fork of the American River for approximately \$10.4 million (the "Chili Bar Project"). The Chili Bar Project is immediately downstream from the UARP and operates as the regulating reservoir for the UARP's largest powerhouse. Owning the UARP and the Chili Bar Project enables SMUD to operate the two projects with a holistic approach to license compliance and generation efficiency.

**Solano 2 Wind Project.** SMUD owns and operates an 87 MW wind project, located in Solano County, known as Solano 2. Solano 2 consist of 29 wind turbine generators ("WTGs") rated at 3 MW each. Energy from the project is collected at 21 kV and transmitted over a dedicated 3-mile overhead system to the SMUD-owned Russell substation. At the Russell facility, the energy is transformed to 230 kV and interconnected to PG&E's Birds Landing Switching Station. Energy deliveries are scheduled through the CAISO.

**Solano 3 Project.** In 2011 and 2012, SMUD constructed a 128 MW wind project adjacent to Solano Phase 2, known as Solano 3. The Solano 3 project consists of 31 WTGs rated at 1.8 MW and 24 WTGs rated at 3.0 MW. The project interconnects through a 34.5 kV underground collection system to the Russell substation. Like the Solano Phase 2 project, this energy is transformed to 230 kV and delivered through the CAISO.

**Solano 4 Project.** In 2023 and 2024, SMUD constructed the Solano 4 Project, and the Project was fully operational as of May 10, 2024. As part of the Solano 4 Project, the 15 MW Solano 1 project was demolished. The Solano 4 project adds an additional 85.5 MW of capacity to SMUD's Solano Wind portfolio.



In 2023, SMUD merged Solano 2, 3, & 4 into one combined interconnection agreement with CAISO and PG&E. Now the CAISO calls the combined project “Solano Renewables 1” and the Resource ID is “RUSSELL\_2\_SOLANO1”.

The combined Solano Renewables 1 project is currently limited to 230 MW max output by PG&E because of two outstanding transmission upgrades. The two PG&E projects include the Contra Costa thermal overload upgrade, expected to be complete by September 30, 2025, and the Vaca Dixon Breaker upgrade, expected to be complete by May 30, 2027. Increases in deliverability from Solano will occur with each upgrade completed to 255.9MW and 320.8MW, respectively. In total, SMUD will have an installed wind capacity of 303 MW in connection with the overall Solano Wind Project, leaving 18 MW at the point of interconnection for future development.

***Distributed Solar Photovoltaic.*** SMUD owns and operates approximately 2 MW of solar photovoltaic generating facilities. These facilities include installations at the Hedge Substation property, SMUD Headquarters, the East Campus Operations Center, and other smaller photovoltaic systems throughout the service area on parking lots.

***Hedge Battery.*** SMUD owns and operates a 4 MW, 8 MWh, battery energy storage system located near the Hedge Substation in South Sacramento. The facility reached commercial operation in January 2023.

***Local Gas-Fired Plants.*** SMUD constructed five local natural gas-fired plants in its service area: the Carson Project, the Procter & Gamble Project, the Campbell Soup Project, McClellan and the Cosumnes Power Plant (each defined below). These five plants are referred to collectively as the “Local Gas-Fired Plants.” These plants are a strategic component of SMUD’s resource mix. In addition to providing SMUD a total capacity of approximately 1,139 MW, the Local Gas-Fired Plants provide SMUD with needed voltage support, operational and load following capability, and the reliability inherent in having power resources located close to loads. With the exception of McClellan, these plants were financed through the issuance of project revenue bonds by separate joint powers authorities (collectively, the “Authorities”). In late 2021, ownership of all of the Local Gas-Fired Plants was transferred to one of the Authorities, SFA. SMUD has entered into long-term agreements with SFA providing for the purchase by SMUD of all of the power from each of the Local Gas-Fired Plants on a take-or-pay basis. This consolidation created operational and administrative efficiencies without changing any of the functionality of the power plants. Although the Local Gas-Fired Plants are owned by SFA, SMUD has exclusive control of their dispatch and manages their operations as part of its overall power supply strategy.

Payments under the power purchase agreements are payable from the revenues of SMUD’s Electric System prior to the payment of the principal of or interest on SMUD’s Senior Bonds and Subordinated Bonds (each as defined under the caption “CAPITAL REQUIREMENTS AND OUTSTANDING INDEBTEDNESS” below), as are other maintenance and operation costs and energy payments. For further discussion of SMUD’s obligations to make these payments to SFA, see “CAPITAL REQUIREMENTS AND OUTSTANDING INDEBTEDNESS – Outstanding Indebtedness – *Joint Powers Authorities.*”

The following is a brief description of the five Local Gas-Fired Plants:

***The Cosumnes Power Plant (the “Cosumnes Power Plant”).*** The Cosumnes Power Plant is a 612 MW natural gas-fired, combined cycle plant located in the southern portion of Sacramento County adjacent to SMUD’s decommissioned Rancho Seco Nuclear Power Plant. Commercial operation of the Cosumnes Power Plant commenced on February 24, 2006. SFA increased the net generating capacity of the facility by 81 MWs via an Advanced Gas Path (“AGP”) upgrade. The additional AGP generation was realized after hardware and software upgrades were completed on both units in March of 2019. The Cosumnes



Power Plant is owned by SFA, a joint powers authority formed by SMUD and MID. [The SFA bonds issued to finance the Cosumnes Power Plant were defeased in [May 2025].] The take-or-pay power purchase agreement between SMUD and SFA relating to the Cosumnes Power Plant will be in effect until terminated by SMUD. On June 5, 2022, the Cosumnes Power Plant was shut down due to a ground fault in the STG stator. The repair was completed in February 2023 and the plant returned to service on March 5, 2023. See “FACTORS AFFECTING THE REGION – Cosumnes Power Plant Outage”.

*The Carson Cogeneration Project (the “Carson Project”).* The Carson Project, a 103 MW natural-gas-fired cogeneration project consisting of separate combined cycle and peaking plants, provides steam to the Sacramento Regional County Sanitation District (“SRCSD”) wastewater treatment plant adjacent to the site. The Carson Project was originally owned by the Central Valley Financing Authority (“CVFA”), a joint powers authority formed by SMUD and the SRCSD. Construction of the Carson Project was completed and the plant began commercial operation on October 11, 1995. The CVFA bonds issued to finance the Carson Project were defeased in September 2019. In late 2021, ownership of the Carson Project was transferred to SFA. The take-or-pay power purchase agreement between SMUD and SFA relating to the Carson Project will be in effect until terminated by SMUD.

*The Procter & Gamble Cogeneration Project (the “Procter & Gamble Project”).* The Procter & Gamble Project, a 182 MW natural gas-fired cogeneration facility, is located in an established industrial area of Sacramento. The initial combined cycle portion of the plant began commercial operation on March 1, 1997. Construction of the peaking plant portion of the Procter & Gamble Project commenced during 2000 and the unit achieved commercial status on April 24, 2001. The Procter & Gamble Project produces steam for use in Procter & Gamble Manufacturing Company’s oleochemical manufacturing processes and electricity for sale to SMUD. The Procter & Gamble Project was originally owned by the Sacramento Cogeneration Authority (“SCA”), a joint powers authority formed by SMUD and SFA, a separate joint powers authority. The SCA bonds issued to finance the Procter & Gamble Project were defeased in September 2019. In late 2021, ownership of the Procter & Gamble Project was transferred to SFA. The take-or-pay power purchase agreement between SMUD and SFA relating to the Procter & Gamble Project will be in effect until terminated by SMUD.

*The Campbell Soup Cogeneration Project (the “Campbell Soup Project”).* The Campbell Soup Project, a 170 MW natural gas-fired cogeneration project, was completed and began commercial operations on December 4, 1997. Upgrades were implemented during 2000, which increased the plant’s peaking capacity to 180 MW, well above its net demonstrated capacity of 159.8 MW. The plant is located in south Sacramento adjacent to the Capital Commerce Center (formerly the Campbell Soup Company food processing facility). The Campbell Soup Project was originally owned by the Sacramento Power Authority (“SPA”), a joint powers authority formed by SMUD and SFA. The SPA bonds issued to finance the Campbell Soup Project were redeemed in July 2015. In late 2021, ownership of the Campbell Soup Project was transferred to SFA. The take-or-pay power purchase agreement between SMUD and SFA relating to the Campbell Soup Project (the “Campbell Soup/McClellan PPA”) covers both the Campbell Soup Project and McClellan and will be in effect until terminated by SMUD. In support of the Zero Carbon Plan, SMUD is exploring replacing the Campbell Soup Project, contingent upon SMUD having sufficient other resources available and grid reliability can be maintained. See “BUSINESS STRATEGY – Sustainable Power Supply and Transmission – 2030 Zero Carbon Plan.”

*The McClellan Gas Turbine (“McClellan”).* McClellan is a 72 MW natural gas-fired simple cycle combustion turbine generating plant at McClellan Business Park in Sacramento. This turbine is connected to SMUD’s electric system and is operated to meet SMUD’s peak-load requirements. McClellan is aligned for remote starting and operation with both black start and fast start capabilities. SMUD constructed the McClellan unit in 1986 as a 50 MW emergency power source for the McClellan Air Force Base. In 2001, following the Air Force Base closure, McClellan was upgraded to 72 MW and converted for SMUD’s use.



In May 2007, SMUD transferred ownership of McClellan to SPA for more efficient operation. SPA did not issue debt related to McClellan. In late 2021, ownership of McClellan was transferred to SFA. SFA passes all costs of operations and maintenance through to SMUD in accordance with the terms of the Campbell Soup/McClellan PPA. In exchange for paying all costs related to McClellan, SMUD receives all of the power generated thereby on a take-or-pay basis. In support of the Zero Carbon Plan, SMUD is exploring replacing McClellan, contingent upon SMUD having sufficient other resources available and grid reliability can be maintained. See “BUSINESS STRATEGY – Sustainable Power Supply and Transmission – 2030 Zero Carbon Plan.”

## **Fuel Supply**

**General.** SMUD is obligated to arrange for the purchase and delivery of natural gas to the Local Gas-Fired Plants. Management of the natural gas procurement and delivery process is a key focus of SMUD’s reliability and risk policies. Although the natural gas consumption of the power plants for SMUD’s load can vary significantly depending on the season, precipitation, and the market price of power and natural gas, the plants are forecasted to need, on average in 2025, a total of approximately 85,000 Decatherms per day (“Dth/day”) with a daily peak slightly more than 171,000 Dth/day of natural gas. SMUD has implemented a comprehensive strategy to secure a reliable and diversified fuel supply through a variety of agreements for the supply, transportation, and storage of natural gas.

**Supply.** SMUD hedges a significant portion of its expected gas needs to meet customer power requirements. This includes gas for the Local Gas-Fired Plants and for the Sutter Energy Center. See “Power Purchase Agreements – *Sutter Energy Center*”. This is accomplished through a combination of long-term supply arrangements and an exposure reduction program. The program consists of a primary rolling three-year exposure reduction component, a fuel hedging component on a rolling three-year basis, as well as supplemental fixed calendar year components reaching out up to four calendar years. Long-term arrangements may consist of a combination of physical commodity supply contracts, financial hedges, or options. Natural gas is purchased from a wide variety of producers and marketers at the northern and southern California borders, and from the San Juan and the Rocky Mountain supply basins. SMUD has a number of both fixed-price supply agreements and financial hedging contracts to fix gas costs ranging from one month to several years in duration. Including fixed price biogas contracts as of April 1, 2025, these contracts are forecasted to have hedged the price exposure on approximately 100%, 85% and 61% of SMUD’s anticipated natural gas requirements for 2025, 2026 and 2027, respectively. While the financial effects resulting from the unhedged portions of SMUD’s natural gas requirements are difficult to predict, SMUD’s financial results could be materially impacted in the event of significant increases in market prices for natural gas.

SMUD has contracted with NCGA to purchase an approximate average of 8,700 Dth/day over the remaining life of a contract expiring May 31, 2027 (the “NCGA Contract”). Under the NCGA contract, SMUD pays a discounted variable price for the fuel and anticipates periodically fixing the effective price under separate hedging contracts. Until November 1, 2023 the delivery point for the NCGA Contract was the AECO hub in Alberta. Starting November 1, 2023, to increase delivery efficiencies, SMUD has exchanged the gas delivered at the AECO hub under the NCGA Contract with gas delivered at the Malin substation at the California-Oregon border. From there SMUD is using its long-term transport capacity to deliver the fuel to the Local Gas-Fired Plants.

SMUD has also contracted with NCEA to purchase an approximately 24,600 Dth/day on average, or to be converted to the approximate cash flow value in Megawatt-hours (“MWh”) of electricity over the remaining life of a contract expiring on October 31, 2054. The gas will be delivered to the SMUD system via the Malin receipt point on the PG&E backbone system. SMUD is using its long-term transport capacity



to deliver the fuel to the Local Gas-Fired Plants. SMUD will pay a discounted variable price for the fuel and anticipates periodically fixing the effective price under separate hedging contracts.

***Renewable Natural Gas Supply.*** As a component of meeting SMUD’s RPS goals, SMUD procures renewable natural gas and digester gas as fuels to generate renewable electricity from the Cosumnes Power Plant. Descriptions of the renewable natural gas supply agreements are provided below.

In March 2009, SMUD entered into a 15-year contract (that qualifies as renewable energy) with Shell Energy North America (US), L.P. (“Shell Energy”) to purchase up to 6,000 Dth/day of renewable natural gas produced from a landfill project in Texas. SMUD began taking deliveries of this supply in April 2009. In March 2012, SMUD amended the contract with Shell Energy to increase the maximum volumes to 7,300 Dth/day and extended the term by 10 years to March 31, 2034. Currently, the delivery point is PG&E Topock. In 2016, SMUD entered into a 3-year contract with Shell Energy to sell back the entire volume of renewable natural gas purchased, less 500 Dth/day, to be sold into the vehicle transportation markets. Upon expiration of the initial 3-year contract for the sale of biogas to Shell Energy, SMUD extended the sell back of the entire volume of biogas twice for an additional three years with Element Markets (now Anew RNG, LLC), starting in 2020 and 2023. While SMUD sells the renewable natural gas, it does not count the renewable natural gas towards its RPS obligations.

SMUD contracted with Heartland Renewable Energy, LLC (“HRE”) in December 2009 for a 20-year supply of up to 7,000 Dth/day of renewable natural gas from a digester facility in Colorado. Deliveries began in March of 2014. Currently, the delivery point is Opal, Wyoming and SMUD uses its long-term transport capacity to deliver it to the Cosumnes Power Plant. HRE has not delivered volumes from the project to SMUD since December 2016 due to litigation with Weld County, Colorado regarding odor and permit issues. In June of 2020, the project was purchased and SMUD’s contract was assigned to the new owner, Platte River Biogas, LLC (“PRB”). SMUD and PRB reached a settlement in the third quarter of 2021 that resulted in terminating the contract in August of 2024.

In September 2011, SMUD and CVFA entered into a “Digester Gas Purchase and Sale Agreement” through which the Carson Project cleans nearly all of the digester gas received from Sacramento Regional County Sanitation District (“SRCSD”) and sells it to SMUD for delivery to the Cosumnes Power Plant. In return, SMUD pays all of the Carson Project’s costs in acquiring, cleaning and making the gas available to SMUD. The Digester Gas Purchase and Sale Agreement expires in September 2025. In late 2021, the Digester Gas Purchase and Sale Agreement, along with the Carson Project was transferred to SFA. The Carson Project is currently receiving, processing and selling up to 1,500 Dth/day with provisions for volume increases over time to 2,500 Dth/day. Digester gas, when designated for use in SMUD’s power plants, is counted as renewable generation towards SMUD’s RPS obligations.

In December 2011, SMUD entered into a 20-year agreement with EIF KC Landfill Gas LLC (“EIF”) to purchase up to 7,050 Dth/day of renewable natural gas produced from multiple landfill projects. SMUD began taking deliveries of this supply in January 2014. Currently the delivery point is Kern River – Opal and SMUD uses its long-term transport capacity to deliver it to the Cosumnes Power Plant. Renewable natural gas, when designated for use in SMUD’s power plants, is counted as renewable generation towards SMUD’s RPS obligations. In April 2022, SMUD entered into a transaction to sell the renewable natural gas purchased into the vehicle transportation markets. The transaction expired in March 2025. In anticipation of the expiration, SMUD issued a Request for Offers (“RFO”) to secure a new agreement for the sale of the renewable natural gas. SMUD is currently in negotiations to finalize a new contract. In the interim, SMUD is placing the renewable natural gas into storage until a new contract is executed. While SMUD sells the renewable natural gas, it does not count the renewable natural gas towards its RPS obligations.



AB 2196 is a law that defines the criteria by which existing and future renewable natural gas contracts will qualify for the State RPS program. The CEC adopted a RPS Eligibility Guidebook on April 30, 2013, which includes detailed rules for implementation of AB 2196. SMUD received an updated certificate of eligibility from the CEC in July 2014 for the Cosumnes Power Plant that included the quantities of renewable natural gas from all four contracts. The CEC adopted a revised RPS Eligibility Guidebook (Ninth Edition) on April 27, 2017. This latest guidebook did not change the RPS eligibility of any of the above SMUD renewable natural gas and digester gas contracts, but did simplify reporting requirements for these contracts.

## **Gas Transmission**

SMUD has satisfied its obligation to deliver natural gas to its power plants by constructing a natural gas pipeline, purchasing an equity interest in two PG&E backbone gas transmission lines, and contracting for capacity on a number of existing interstate natural gas transmission lines.

***The Local Pipeline.*** SMUD constructed and owns a 20-inch, 50-mile natural gas pipeline in the greater Sacramento area (the “Local Pipeline”) that transports gas to all of the Local Gas-Fired Plants except McClellan. The Local Pipeline is interconnected with PG&E’s major State gas transmission lines 300 and 401. Additionally, it may be interconnected with one or more private gas gathering pipelines located in the area, a gas storage project and/or other FERC approved pipelines that may be built in the local area. In conjunction with the construction of the Cosumnes Power Plant, SMUD extended the Local Pipeline to the plant site. The 26-mile extension was completed in 2004. The extension is 24 inches in diameter and was designed to serve both the Cosumnes Power Plant and an additional second phase, if constructed.

***PG&E Backbone Gas Transmission Lines 300 and 401.*** In 1996, SMUD purchased an equity interest in PG&E’s backbone gas transmission lines 300 and 401 (referred to as the PG&E backbone). The total capacity acquired at that time was approximately 85,000 Dth/day and consisted of approximately 43,600 Dth/day of firm gas transport from the California–Oregon border at Malin, Oregon and 44,700 Dth/day from the California–Arizona border at Topock, Arizona, to SMUD’s interconnection with the PG&E backbone near Winters, California. SMUD was also entitled to a share of non-firm capacity, which was approximately 4,360 Dth/day; making the total capacity potentially available to SMUD almost 90,000 Dth/day. This purchase made SMUD a co-owner of the PG&E backbone gas transmission lines 300 and 401 and obligated SMUD to pay PG&E to operate the pipelines on its behalf subject to the terms of the purchase agreement and operating protocols. PG&E reduced operating pressures on Line 300 after PG&E suffered a natural gas explosion in San Bruno, CA in September of 2010. Operating pressures and capacity may also fluctuate due to regulatory and other changes. As of May 1, 2025, SMUD holds a total capacity of approximately 85,500 Dth/day, consisting of approximately 47,723 Dth/day of firm gas transport from the California–Oregon border at Malin, and 37,798 Dth/day of firm gas transport from the California–Arizona border at Topock, Arizona, to SMUD’s interconnection with the PG&E backbone near Winters, California.

***Kern River Gas Transmission Company Long Term Agreement.*** SMUD has an agreement with Kern River Gas Transmission Company for 20,000 Dth/day of firm capacity through April 30, 2028. This capacity gives SMUD access to the Rocky Mountain supply basin at Opal, Wyoming, and connects to PG&E Line 300 (owned in part by SMUD) at Daggett, California.

SMUD’s diversified portfolio of gas transmission arrangements allow for the purchase of gas from a variety of suppliers and locations, and the opportunity to capitalize on regional price differentials where possible. In addition, its ownership interest in the SMUD/PG&E backbone and Local Pipeline enhances the reliability of SMUD’s gas supply.



## Gas Storage

SMUD also employs gas storage as part of its overall fuel supply strategy. Gas storage is useful in helping to balance gas supply, mitigate market price volatility, and provide a reliable supply to meet peak day delivery requirements.

SMUD has a contract with Lodi Gas Storage, LLC, which began in April 2023 and expires in March 2026, for capacity in the Lodi Gas Storage project located near Acampo in northern California. The contract provides SMUD with capacity levels of 1.0 million Dth of storage inventory, 10,000 Dth/day of injection rights and 20,000 Dth/day of withdrawal capacity.

SMUD has a contract with Wild Goose Storage LLC, that began in April 2024 (but which allows for early injection (December 2023 – March 2024)) for capacity in the Wild Goose Storage project located near Gridley in northern California. The contract provides SMUD with capacity levels of 2.0 million Dth of storage inventory, ratcheted (12,500-14,000 Dth/day) volumes of injection rights and ratcheted (10,000 – 24,000 Dth/day) volumes of withdrawal capacity.

## Power Purchase Agreements

SMUD has a number of power purchase agreements to help meet its power requirements. Some of these agreements are described below.

***Western Area Power Administration.*** Effective January 1, 2005, SMUD entered into a 20-year contract with WAPA. SMUD has entered into a replacement agreement extending the term by 30 years for the period of January 1, 2025 through December 31, 2054. Power sold under this contract is generated by the Central Valley Project (“CVP”), a series of federal hydroelectric facilities in northern California operated by the United States Bureau of Reclamation. The contract provides WAPA’s CVP Base Resource customers (including SMUD) delivery of a percentage share of project generation in return for reimbursement of an equivalent share of project costs. SMUD’s CVP Base Resource share is roughly 25% of project generation and costs. This is expected to be approximately 318 MW of capacity and 661 GWh of energy in an average water year but will vary depending on precipitation. Energy available under the contract is determined by water releases required for water supply and flood control and is then shaped into higher value periods within other CVP operating constraints. More capacity and energy are typically available in spring and summer months and less in fall and winter.

SMUD also had a contract with WAPA that expired on December 31, 2024, by which WAPA delivers additional power from projects located in the Pacific Northwest based on certain contractual parameters. In 2024, SMUD received 226 GWh of energy under this contract. SMUD has entered into a replacement agreement with WAPA for the period January 1, 2025 through December 31, 2030.

***Avangrid (formerly Iberdrola Renewables (“Iberdrola”)).*** SMUD has a contract with Avangrid that provides SMUD with bundled renewable energy (energy plus RECs). The contract agreement is for up to 126 GWh of wind power generated in Solano County, California. The SMUD Board approved an extension of the wind contract through June 30, 2025.

***Patua Project LLC.*** In April 2010, SMUD entered into a power purchase agreement with Patua Project LLC (“Patua”), a subsidiary of Gradient Resources, for the delivery of up to 132 MW (expected to be 120 MW nominal power output) of renewable energy from geothermal generation being developed in north central Nevada, from a Gradient Resources project known as the Patua Project. The Patua Project was to have been developed in three phases. Since 2010, the agreed upon capacity has been reduced several times. In December 2013, Phase 1 of the project, which had been reduced to 30 MW, finally achieved



commercial operation. In 2014, the parties concluded negotiations on the fourth amendment to the power purchase agreement with Patua, which reduced the total capacity down to 40 MW, extended the commercial operation date of Phase 2 to January 1, 2016, and allowed Patua to add up to 13 MW of solar photovoltaics to supplement geothermal production. In addition, this amendment shifted responsibility to Patua for a portion of the long-term transmission service agreements that have been underutilized due to the project not meeting its targets. In November 2015, the Patua Project was acquired by TL Power, LLC, a wholly owned subsidiary of Cyrq Energy, Inc. (“Cyrq”). In December 2015, Cyrq terminated Phase 2. Upon termination of Phase 2, the contractual right for Cyrq to add solar photovoltaics to supplement geothermal production was reduced to 10 MW. As a result of poor performance during the first year of operation, SMUD reduced its obligation to take power from 30 MW to 25 MW. Performance continued to lag in 2015 and 2016 and SMUD further reduced its obligation to take power from 25 MW to 19 MW.

**Renewable Energy Feed-In Tariff.** In September 2009, SMUD’s Board authorized a feed-in tariff program for the purchase of renewable energy from local renewable energy projects connected to SMUD’s distribution system. SMUD’s Board authorized connection of up to 100 MW under the feed-in tariff which included standard payment rates and standard purchase terms for power. The feed-in tariff program became effective on January 1, 2010. Under the feed-in tariff, SMUD has executed 20-year term power purchase agreements for solar projects totaling 98.5 MW. Construction and start-up were completed on all projects between 2010 and 2012.

**CalEnergy LLC.** In August 2014, SMUD entered into a 22-year power purchase agreement with CalEnergy LLC for the purchase of 30 MW per year of renewable energy from its Salton Sea geothermal facilities. As of July 1, 2017, SMUD began receiving up to 10 MW from the CalEnergy portfolio, which escalated to the full 30 MWs on May 1, 2020.

**Rancho Seco Solar.** In October 2015, SMUD entered into a 20-year power purchase agreement with Rancho Seco Solar LLC for the purchase of energy from a 10.88 MW solar PV project sited on SMUD’s property at the closed Rancho Seco Nuclear Generating Station. Commercial operation was achieved in August of 2016. Rancho Seco Solar LLC leased the property from SMUD under a land lease agreement. The output of this project directly serves two large commercial customers that executed agreements with SMUD for retail supply of solar power.

In May 2019, SMUD entered into a 30-year power purchase agreement for an additional 160 MW solar PV project with Rancho Seco Solar II, LLC. The project is located on SMUD-owned property at the closed Rancho Seco Nuclear Generating Station, adjacent to the existing 10.88 MW solar PV project. Construction began in 2019, and the project became commercially operable in February 2021.

**Grady Wind Energy.** In October 2015, SMUD entered into a 25-year power purchase agreement with Grady Wind Energy LLC (“Grady”) for the purchase of energy from a 200 MW wind project located in New Mexico (the “Grady Project”). The Grady Project began commercial operations on August 5, 2019. Energy from the Grady Project is delivered to CAISO. SMUD purchases 100% of the Grady Project output which includes energy, renewable energy credits, and capacity attributes.

**Great Valley Solar 2, LLC.** In January 2017, SMUD entered into a 20-year power purchase agreement with Great Valley Solar 2, LLC for the purchase of energy from a 60 MW solar PV project located in Fresno County, California. The project’s commercial operation date was December 28, 2017.

**ARP-Loyalton Cogen LLC.** On September 14, 2016, Senate Bill 859 (“SB 859”) was signed into law. Under SB 859, a POU must procure its proportionate share of 125 MW of renewable energy from biomass plants burning high hazard forest fuels, subject to terms of at least five years. Seven POUs (SMUD, MID, Turlock Irrigation District (“TID”), Anaheim Public Utilities, Imperial Irrigation District, Los



Angeles Department of Water & Power and Riverside Public Utilities, collectively described herein as the “ARP-Loyalton POU”) jointly solicited proposals for up to 29 MW of contract capacity for renewable energy to meet the requirements of SB 859. In January 2018, SMUD entered into a five-year power purchase agreement with ARP-Loyalton Cogen LLC to fulfill 18 MW of the required 29 MW with SMUD’s share being just over 23 percent (the “ARP-Loyalton PPA”). See “—*Roseburg Forest Product Co.*” below for a discussion of the remaining SB 859 capacity. The contract became effective on April 1, 2018. On February 18, 2020, ARP-Loyalton Cogen LLC filed for Chapter 11 bankruptcy and stopped producing and selling energy from the biomass plant. On May 7, 2020, the bankruptcy court approved the sale of the Loyalton facility to Sierra Valley Enterprises, LLC (“SVE”). SVE initially expressed interest in bringing the facility back into service; however, the bankruptcy trustee requested repeated extension of the deadline for SVE to accept or reject the ARP-Loyalton PPA. The latest deadline was April 19, 2023, the date of expiration of the ARP-Loyalton PPA term. As SVE did not resume operations before the end of the ARP-Loyalton PPA term, the ARP-Loyalton POU have negotiated a settlement agreement with the bankruptcy trustee (the “ARP-Loyalton Settlement Agreement”). The ARP-Loyalton Settlement Agreement, which SMUD executed and is filed with the court, defines funds from the performance security that the ARP-Loyalton POU will keep to cover legal and administrative fees, along with a contingency amount to cover potential risk of future damages. Since the ARP-Loyalton POU entered into a five-year agreement to procure compliant biomass and provided SVE the opportunity to accept the ARP-Loyalton PPA and restart operations, the ARP-Loyalton POU consider their statutory obligations to have been fulfilled.

***Roseburg Forest Products Co.*** For the remaining SB 859 biomass obligation of 11 MW, SMUD and the other ARP-Loyalton POU have entered into a five-year power purchase agreement with Roseburg Forest Products Co. SMUD’s share of the contract capacity is 2.5795 MW, and the plant began operating under the contract on February 26, 2021.

***Sutter Energy Center.*** SMUD entered into an initial two-year contract (with a third-year exercisable option) with Calpine Energy Services, L.P. (“Calpine”) for the ability to schedule up to 258 MW of energy from Sutter Energy Center. The Sutter Energy Center is a natural gas-fired, combined-cycle facility located in Yuba City, California. The initial contract became effective on April 1, 2018. SMUD exercised its option to extend the contract, which expired November 1, 2020. SMUD entered into a new contract with Calpine for the same 258 MW of energy that became effective January 1, 2021, and had an original expiration date of January 1, 2024. In December 2021, SMUD extended this contract through December 31, 2026.

***Drew Solar, LLC.*** In June 2018, SMUD entered into a 30-year power purchase agreement with Drew Solar, LLC for the purchase of energy from a 100 MW solar PV project located in Imperial County, California. The project’s scheduled commercial operation date was set to be December 31, 2021. The commercial operation date was delayed due to Force Majeure claims surrounding the COVID pandemic and supply chain constraints caused by changes in Federal regulatory requirements. The project began commercially operating on November 3, 2022.

***Wildflower Solar.*** In October 2018, SMUD entered into a 25-year power purchase agreement with Wildflower Solar I, LLC, for the purchase of energy, capacity, and RECs from a 13 MW solar PV project located in Rio Linda, California. The project began commercially operating on December 18, 2020.

***Coyote Creek (Formerly Sacramento Valley Energy Center, LLC.)*** In August 2021, SMUD entered into a 30-year power purchase agreement with Sacramento Valley Energy Center, LLC for the purchase of energy from a 200 MW solar PV and 100 MW four-hour Battery Energy Storage System (“BESS”) capacity project located in Sacramento County, California. The project’s commercial operation date was originally expected to be December 31, 2023, but has been delayed to 2028 due to ongoing development and permitting delays.



***SloughHouse Solar, LLC.*** In September 2021, SMUD entered into a 30-year power purchase agreement with SloughHouse Solar, LLC for the purchase of energy from a 50 MW solar PV project located in Sacramento County, California. The project’s commercial operation date was originally expected to be December 31, 2023, but the commercial operation date has been delayed to June 30, 2025 due to ongoing development and permitting delays. The Sloughhouse Solar Project began construction in 2024.

***Country Acres Solar.*** In November 2023, SMUD entered into a 30-year power purchase agreement with Country Acres Clean Power LLC for the purchase of energy from a 344 MW solar PV project, with a 20-year term for 172 MW four-hour BESS capacity, located in Placer County, California. The project’s commercial operation date is expected to be December 15, 2026. The Country Acres Project began construction in 2024.

***Geysers Power Company, LLC.*** In March 2021, SMUD executed a 10-year power purchase agreement with Geysers Power Company, LLC for 100 MW of energy and capacity from the Geysers geothermal energy plant located in Lake and Sonoma Counties, California. SMUD started to receive deliveries on January 1, 2023.

***Grace Orchard Energy Center, LLC.*** In July 2024, SMUD entered into a 20-year power purchase agreement with Grace Orchard Energy Center, LLC. for the purchase of 70 MW from the project located in Riverside County, California. The Grace Orchard Energy Center project is expected to begin operations December 2027. The power purchase agreement includes energy and RECs from the project. The seller will seek CAISO Transmission Project (“TP”) Deliverability for the project. If TP Deliverability is received, the agreement will also include capacity.

***SunZia Wind PowerCo LLC.*** In December 2024, SMUD entered into a 15-year power purchase agreement with SunZia Wind PowerCo LLC for the purchase of 150 MW from the project located in New Mexico. The SunZia Wind Project is expected to begin operations in 2026. Energy from the SunZia Wind Project will be delivered to CAISO. The power purchase agreement includes energy, capacity, and RECs from the project.

***Hatchet Ridge Wind, LLC.*** In December 2024, SMUD entered into a 7-year power purchase agreement with Hatchet Ridge Wind, LLC for energy, capacity, and RECs from the Hatchet Ridge Wind Project. The 101.2 MW project is located near Burney, CA and began commercial operations in 2010. The contract start date is December 14, 2025.

***Sanborn 2 Solar.*** SMUD has entered into a contract with Sanborn 2 PV I, LLC (“S2PVI”) with an effective date of October 4, 2024. The agreement provides for the purchase of RECs associated with energy generated by the 46 MW Sanborn 2 solar project located in Mojave, California. The contract term begins on the scheduled commercial operation date of January 1, 2027, and continues through December 31, 2034. Under the terms of the agreement, SMUD will receive RECs associated with bundled energy generated during the delivery period; however, S2PVI retains all revenues from energy sales, and SMUD will be obligated only to pay for the RECs. The RECs procured under this agreement are expected to contribute toward SMUD’s renewable energy goals and support long-term resource planning objectives.

## **Transmission Service Agreements**

***TANC California-Oregon Transmission Project.*** The 340-mile COTP is one part of a three 500-kV line coordinated system known as the California-Oregon Intertie (“COI”). The COTP was allocated one-third of the 4,800 MW capability of the COI system (see related agreements below). TANC was entitled to use 1,390 MW and is obligated to pay approximately 80% of the operating costs of the COTP. SMUD is a member of TANC and a party to Project Agreement No. 3 (“PA3”), under which it was entitled



to 383 MW and obligated to pay on an unconditional take-or-pay basis about 27.6% of TANC's COTP debt service and operations costs, subject to a "step-up" obligation of up to 25% of its entitlement share upon the un-remedied default of another TANC member-participant. In 2009, SMUD entered into a long-term layoff agreement with certain members that increased SMUD's entitlement by 35 MW. In 2014, SMUD entered into another long-term layoff agreement with certain other members that increased SMUD's COTP entitlements by 128 MW and amended the 2009 layoff agreement that returned 13 MW to a member. In January 2024, SMUD entered into an agreement to extend the 2009 long-term layoff agreement with certain members to January 31, 2034. On April 1, 2025, the COI was rerated to a capacity of 5,100 MW, proportionately increasing the amount of the COTP's capacity to 1,700 MW. The amount of capacity available to TANC [and Water Districts] increased proportionately from 1,417 MW to 1,505 MW. Including layoffs from other TANC members, SMUD's current entitlement is approximately 569 MW of TANC's transfer capability for imports, and SMUD is obligated to pay approximately 37.8% of TANC's COTP debt service and operations costs.

SMUD's payments under this contract, like SMUD's payments under its other power purchase and transmission service agreements, are treated as "Maintenance and Operation Costs" or "Energy Payments" under the resolutions securing the Senior Bonds and Subordinated Bonds (each as defined under the caption "CAPITAL REQUIREMENTS AND OUTSTANDING INDEBTEDNESS" below). SMUD relies on its COTP rights to purchase power, access contingency reserves through the Western Power Pool, and obtain renewable resources to supplement its own resources to serve its load. TANC maintains its own property/casualty insurance program. TANC's budget is about \$45.6 million for 2025. SMUD's obligation of the TANC budget is about \$17.5 million for 2025.

***TANC Tesla-Midway Transmission Service.*** TANC has a long-term contract with PG&E to provide TANC with 300 MW of transmission service between PG&E's Midway Substation and the electric systems of the TANC Members (the "Tesla-Midway Service"). SMUD's share of the Tesla-Midway Service is 46 MW.

***Bonneville Power Administration.*** In 2009, SMUD entered into a transmission service agreement with the Bonneville Power Administration ("BPA") for 60 MW of firm point-to-point transmission service from BPA's Hilltop substation in northeastern California to the Malin substation at the California-Oregon border for the purpose of transmitting power under SMUD's power purchase agreement with Gradient Resources for Phase 1 of the Patua geothermal project over BPA's 230kV transmission lines. In early 2013, in accordance with BPA's transmission tariff, the transmission service was split into two 30 MW services and deferred as appropriate to better fit the timing of expected commercial operation of Phase 1 and Phase 2 of the Patua Project. See "POWER SUPPLY AND TRANSMISSION – Power Purchase Agreements – Patua Project LLC." SMUD submitted another request for the 30 MW of transmission procured for Phase 2 of the Patua Project to split the service into a 10 MW and a 20 MW service, with the 10 MW of service deferred and timed with the originally expected commercial operation date of Phase 2 of the Patua Project. With the termination of Phase 2 of the Patua Project and SMUD's reduced obligation due to the poor performance of Phase 1 of the Patua Project, much of the transmission reserved for it will no longer be needed. BPA does not have a provision in its transmission tariff for early termination of transmission service. However, the power purchase agreement with Patua requires Patua to cover unused transmission that SMUD has procured for the Patua purchases. On January 1, 2020, SMUD's transmission rights with BPA were reduced to 19 MW. This now aligns with SMUD's PacifiCorp transmission rights of 19 MW described in the immediately following paragraph.

***PacifiCorp.*** In 2009, SMUD entered into a transmission service agreement with PacifiCorp for 60 MW of firm point-to-point transmission service across PacifiCorp's high voltage step-up transformer at the Malin substation at the California-Oregon border for the purpose of transmitting power under SMUD's power purchase agreement with Gradient Resources for Phase 1 of the Patua Project. In early 2013, in



accordance with PacifiCorp's transmission tariff, the commencement of the 60 MW of transmission service was deferred to fit the timing of first deliveries expected from the 30 MW of Phase 1 of the Patua Project. In 2013, SMUD terminated the 60 MW of transmission service and requested two new transmission services of 30 MW each, with service start dates timed to better fit with the expected start dates of Phase 1 and Phase 2 of the Patua Project. With the reduction in expected output of the Patua Project, SMUD terminated the second 30 MW transmission agreement, and replaced it with a 10 MW transmission service agreement for Phase 2 of the Patua Project. With the termination of Phase 2 of the Patua Project, SMUD terminated the 10 MW Pacificorp transmission service agreement and as a result of the reduced obligation to take power from the Patua Project, SMUD has reduced its remaining Pacificorp transmission service from 30 MW to 19 MW.

***Western Area Power Administration.*** SMUD does not have a direct interconnection of its power system to the COTP. To receive power deliveries that use its COTP rights, SMUD has a long-term transmission service agreement with WAPA for transmission of 342 MW of power from the COTP line (received at WAPA's Tracy or Olinda substations) to SMUD's system. In May of 2011, WAPA completed the Sacramento Voltage Support Transmission Project. Completion of this project has given SMUD an additional 165 MW of transmission service rights on WAPA's system from the COTP at the Olinda Substation to SMUD's system at the Elverta Substation.

## **Projected Resources**

The following tables titled "Projected Requirements and Resources to Meet Load Requirements Energy Requirements and Resources" (the "Energy Table") and "Capacity Requirements and Resources Net Capacity – Megawatts" (the "Capacity Table") describe SMUD's contracted commitments and owned resources available to meet its forecasted load requirements through the year 2034. Resources are shown on an annualized basis with market purchases netted against surplus sales to arrive at a single net position for each year. Because SMUD's available resources do not exactly match its actual load requirements on an hourly basis, there are times during a year when resources available will either exceed or be insufficient to meet SMUD's needs. Expected actual capacity values are included in the tables. These values may differ from measured net demonstrated capacity values of the Local Area Gas-Fired Plants. The table below also includes the impact energy efficiency has on resource requirements as discussed below under "Demand Side Management Programs." See "BUSINESS STRATEGY" and "POWER SUPPLY AND TRANSMISSION – Power Generation Facilities – *Local Gas-Fired Plants.*"

Resources listed in both the Energy Table and the Capacity Table are listed as either renewable or non-renewable. Generally, SMUD follows the CEC guidelines for eligibility requirements. Some of SMUD's renewable resources listed include solar, wind, geothermal, small hydroelectric facilities with a capacity of 30 MW or less, and biomass (representing generation from a fuel comprised of agricultural wastes and residues, landscape and tree trimmings, wood and wood waste).

As in any forecast, assumptions are made. In both the Energy Table and the Capacity Table the WAPA and UARP forecasts assume average water conditions throughout the period. On the capacity table, WAPA and Cosumnes Power Plant renewable capacity is estimated based on the ratio of renewable energy to total WAPA or Cosumnes Power Plant energy. See "POWER SUPPLY AND TRANSMISSION – Power Generation Facilities – *Hydroelectric.*"

The Uncommitted Purchases (Sales) on the tables represent either anticipated future needs or surpluses. Future needs are met well in advance of delivery. They also include both renewable and non-renewable resources.



The Transmission Losses represent reductions in the amount of energy or capacity from the location it was purchased to the point of entering SMUD's electrical system. This amount reduces the Total Resources available to meet the Total Projected Energy Requirements of the electrical system.

### **Demand Side Management Programs**

SMUD's demand-side management initiatives represent an integral element of its total resource portfolio, and are organized into two major components: energy efficiency and load management programs. Energy efficiency offerings include a wide variety of programs and services to customers to retrofit or upgrade existing equipment and fixtures and to install new energy efficiency measures in existing and new construction facilities. Load management allows SMUD to reduce the load on the electric system by cycling residential air conditioning, and calling upon commercial/industrial customers to curtail energy usage when energy is constrained during the summer or system emergencies. Load management programs are projected to allow SMUD to shed approximately 60 MW of peak load in an emergency on a hot day, representing about 2% of SMUD's maximum system peak demand.

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**PROJECTED REQUIREMENTS AND RESOURCES TO MEET  
LOAD REQUIREMENTS  
ENERGY REQUIREMENTS AND RESOURCES (GWh)<sup>(1)</sup>**

	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>	<b>2034</b>
<b><u>Renewable Resources</u></b>										
<b><u>District or Joint Powers Authority Owned</u></b>										
UARP – Small Hydro <sup>(2)</sup>	99	97	90	93	99	93	96	95	96	96
Solano Wind	900	906	905	838	836	936	936	937	936	936
<b><u>Purchases</u></b>										
Western (WAPA) – Small Hydro <sup>(2)</sup>	21	19	19	15	15	15	15	15	15	15
Patua (Gradient/Vulcan) – Geothermal	146	146	146	147	147	147	147	147	147	147
Cal Energy – Geothermal	223	223	223	224	223	223	223	224	223	223
Geysers – Geothermal	876	876	876	830	828	828	828	830	0	0
Iberdrola - Wind	34	0	0	0	0	0	0	0	0	0
Grady - Wind	897	897	897	937	934	934	934	937	934	934
Hatchet Ridge – Wind	0	270	270	288	288	288	288	288	0	0
Sunzia – Wind	0	0	302	476	473	473	473	476	473	473
Recurrent SolarShares	171	171	171	169	169	166	166	167	163	163
Rancho Seco (1&2) - Solar	352	350	348	347	345	344	342	340	339	339
Feed-in-Tariff Photovoltaic - Solar	208	207	206	205	204	203	202	60	0	0
Wildflower – Solar	31	31	31	32	33	31	32	32	32	32
Navajo - Solar	298	297	296	302	302	302	302	302	302	302
Sloughhouse – Solar	66	131	130	125	124	124	125	124	124	124
Country Acres – Solar Hybrid	0	0	540	762	761	761	761	762	761	761
Grace Solar	0	0	10	203	202	201	200	199	198	198
Other Long-Term Contracts	137	28	6	6	6	6	6	6	6	1
Future Uncommitted Renewables	0	0	0	417	991	3,489	5,915	5,929	7,223	7,223
<b>Total Renewable Resources</b>	<b>4,459</b>	<b>4,647</b>	<b>5,465</b>	<b>6,418</b>	<b>6,980</b>	<b>9,563</b>	<b>11,990</b>	<b>11,871</b>	<b>11,972</b>	<b>11,966</b>
<b><u>Carbon Free Non-Renewable Resources</u></b>										
<b><u>District or Joint Powers Authority Owned</u></b>										
Cosumnes-Shell Landfill Gas and Digester										
Gas	53	57	52	0	0	651	651	653	622	622
UARP – Large Hydro <sup>(2)</sup>	1,677	1,580	1,574	1,424	1,420	1,408	1,420	1,408	1,423	1,423
<b><u>Purchases</u></b>										
Western (WAPA) – Large Hydro <sup>(2)</sup>	628	582	582	646	646	646	646	646	646	646
Western (WAPA) Customers (Wheeling) <sup>(2)</sup>	36	34	34	34	34	34	34	34	34	34
Committed Purchases	0	0	0	0	0	0	0	0	0	0
Future Uncommitted Carbon Free	0	0	0	586	2,345	2,345	2,342	2,337	2,342	2,306
<b>Total Carbon Free Non-Renewable Resources</b>	<b>2,395</b>	<b>2,252</b>	<b>2,242</b>	<b>2,690</b>	<b>4,445</b>	<b>5,084</b>	<b>5,092</b>	<b>5,078</b>	<b>5,066</b>	<b>5,030</b>
<b><u>Non-Renewable Resources</u></b>										
<b><u>District or Joint Powers Authority Owned</u></b>										
Cosumnes Power Plant	3,710	3,936	3,605	2,188	782	0	0	0	0	0
Procter & Gamble Project	679	661	541	46	51	35	32	37	24	24
Carson Project	367	367	276	1	2	1	0	0	0	0
Campbell Soup Project	597	608	477	11	6	0	0	0	0	0
McClellan	1	0	0	0	0	0	0	0	0	0
<b><u>Purchases</u></b>										
Calpine Sutter	1,270	1,477	969	1,356	0	0	0	0	0	0
<b>Total Non-Renewable Resources</b>	<b>6,624</b>	<b>7,049</b>	<b>5,868</b>	<b>3,602</b>	<b>841</b>	<b>36</b>	<b>32</b>	<b>37</b>	<b>24</b>	<b>24</b>
<b>Total Resources</b>	<b>13,477</b>	<b>13,949</b>	<b>13,575</b>	<b>12,710</b>	<b>12,266</b>	<b>14,683</b>	<b>17,114</b>	<b>16,985</b>	<b>17,062</b>	<b>17,020</b>
Uncommitted Purchases / (Sales)	(2,475)	(2,819)	(2,279)	(1,171)	(600)	(2,805)	(5,044)	(4,661)	(4,509)	(4,152)
Transmission Losses (COTP/CVP)	(17)	(3)	(1)	(43)	(16)	(16)	(16)	(16)	(16)	(16)
<b>Total Projected Energy Requirements</b>	<b>10,986</b>	<b>11,126</b>	<b>11,358</b>	<b>11,294</b>	<b>11,650</b>	<b>11,862</b>	<b>12,054</b>	<b>12,308</b>	<b>12,537</b>	<b>12,852</b>
Energy Efficiency (EE)	44	67	92	116	135	154	171	188	212	220
Customer PV	42	85	126	222	276	329	381	433	482	530
Expected Electric Vehicle (EV) Charging	(160)	(280)	(412)	(555)	(709)	(871)	(1,028)	(1,198)	(1,388)	(1,603)
Electric Building (EB)	(24)	(43)	(66)	(94)	(132)	(180)	(239)	(304)	(374)	(446)
Battery Storage (Utility)	(1)	(1)	(2)	(27)	(37)	(50)	(63)	(79)	(93)	(93)
<b>Total Gross Energy Requirements before EE, PV and EV Charging</b>	<b>10,887</b>	<b>10,955</b>	<b>11,032</b>	<b>11,156</b>	<b>11,183</b>	<b>11,244</b>	<b>11,276</b>	<b>11,347</b>	<b>11,375</b>	<b>11,460</b>

(1) Totals may not sum due to rounding. [Excludes a potential carbon sequestration power purchase agreement that SMUD is considering.]

(2) 2025 based on current precipitation levels as of [\_\_\_\_]. All other years assume average precipitation.



**CAPACITY REQUIREMENTS AND RESOURCES**  
**NET CAPACITY – MEGAWATTS<sup>(1)</sup>**

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<b>Load:</b>										
<b>Planned Peak</b>	<b>2,977</b>	<b>2,990</b>	<b>3,017</b>	<b>3,024</b>	<b>3,029</b>	<b>3,064</b>	<b>3,077</b>	<b>3,086</b>	<b>3,100</b>	<b>3,120</b>
Transmission Losses	29	29	29	28	28	28	28	28	28	28
Dispatchable Demand Resource	(75)	(75)	(75)	(172)	(192)	(206)	(183)	(211)	(237)	(265)
<b>Adjusted Peak</b>	<b>2,931</b>	<b>2,944</b>	<b>2,971</b>	<b>2,880</b>	<b>2,865</b>	<b>2,886</b>	<b>2,921</b>	<b>2,902</b>	<b>2,891</b>	<b>2,882</b>
Reserve Margin	513	515	520	504	501	505	511	508	506	504
<b>Adjusted Peak with Reserves</b>	<b>3,443</b>	<b>3,459</b>	<b>3,490</b>	<b>3,384</b>	<b>3,366</b>	<b>3,391</b>	<b>3,432</b>	<b>3,410</b>	<b>3,396</b>	<b>3,387</b>
<b>Renewable Resources</b>										
<u>District or Joint Powers Authority Owned</u>										
UARP – Small Hydro	45	45	45	45	45	45	45	45	45	45
Solano Wind	114	108	132	140	125	162	161	174	154	153
<u>Purchases</u>										
Western (WAPA) – Small Hydro	8	9	9	9	9	9	9	9	9	9
Patua (Gradient/Vulcan) – Geothermal	12	12	12	12	12	12	12	12	12	--
Cal Energy – Geothermal	26	26	26	26	26	26	26	26	26	26
Geyers – Geothermal	100	100	100	100	100	100	100	100	--	--
Grady – Wind	51	46	14	15	65	56	62	61	62	67
Hatchet Ridge - Wind	--	26	32	34	30	34	34	37	--	--
Sunzia - Wind	--	--	51	50	57	53	46	50	48	45
Recurrent Solar Shares	35	36	17	12	20	9	7	7	7	7
Rancho Seco (1&2) - Solar	58	67	22	160	161	161	161	160	161	161
Feed-in-Tariff Photovoltaic - Solar	27	31	9	5	15	6	6	3	--	--
Wildflower - Solar	3	3	1	1	2	1	1	1	1	1
Navajo - Solar	45	46	17	9	25	10	8	7	12	12
Sloughhouse - Solar	--	36	18	12	25	14	13	10	13	12
Country Acres - Solar Hybrid	--	--	235	208	292	240	231	218	231	231
Other Long-Term Contracts	16	3	3	3	3	3	3	3	3	0
Generic Renewables Solar, Wind	--	--	--	--	9	126	276	305	397	394
Generic Firm Renewables (Geo)	--	--	--	50	50	100	100	100	200	200
Future Uncommitted Renewables	--	--	--	50	59	226	376	405	597	594
<b>Total Renewable Resources</b>	<b>538</b>	<b>594</b>	<b>742</b>	<b>891</b>	<b>1,071</b>	<b>1,166</b>	<b>1,301</b>	<b>1,328</b>	<b>1,382</b>	<b>1,363</b>
<b>Carbon Free Non-Renewable Resources</b>										
<u>District or Joint Powers Authority Owned</u>										
Cosumnes – Shell Landfill Gas and Digester Gas	--	--	--	--	--	576	576	576	576	576
Carson Project <sup>(2)</sup>	--	--	--	--	--	103	103	103	103	103
Procter & Gamble Project <sup>(2)</sup>						166	166	166	166	166
UARP - Large Hydro	652	652	652	652	652	652	652	652	652	652
Hedge - Storage	4	4	4	4	4	4	4	4	4	4
<u>Purchases</u>										
Western (WAPA) – Large Hydro	270	304	304	304	304	304	304	304	304	304
Western (WAPA) Customers (Wheeling)	17	18	18	18	18	18	18	18	18	18
Future Uncommitted Carbon Free				200	515	645	645	645	683	683
<b>Total Carbon Free Non-Renewable Resources</b>	<b>943</b>	<b>978</b>	<b>978</b>	<b>1,178</b>	<b>1,493</b>	<b>2,468</b>	<b>2,468</b>	<b>2,468</b>	<b>2,506</b>	<b>2,506</b>
<b>Non-Renewable</b>										
<u>District or Joint Powers Authority Owned</u>										
Cosumnes Power Plant	576	576	576	576	576	--	--	--	--	--
Carson Project	103	103	103	103	103	--	--	--	--	--
Procter & Gamble Project	166	166	166	166	166	--	--	--	--	--
McClellan	72	72	72	72	72	--	--	--	--	--
Campbell Soup Project	170	170	170	170	170	--	--	--	--	--
<u>Purchases</u>										
Calpine Sutter	258	258	258	258	--	--	--	--	--	--
Firm Contract Reserves <sup>(3)</sup>	15	17	17	17	17	17	17	17	17	17
Committed Purchases	540	--	--	--	--	--	--	--	--	--
<b>Total Non-Renewable Resources</b>	<b>1,900</b>	<b>1,362</b>	<b>1,362</b>	<b>1,362</b>	<b>1,104</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>17</b>
<b>Total Variable Renewable Diversity Benefit/(Risk)</b>	<b>64</b>	<b>41</b>	<b>195</b>	<b>255</b>	<b>181</b>	<b>277</b>	<b>321</b>	<b>347</b>	<b>310</b>	<b>329</b>
Uncommitted Purchases / (Sales)	(1)	485	214	(302)	(482)	(537)	673)	(749)	(818)	(828)
<b>Total Resources</b>	<b>3,443</b>	<b>3,459</b>	<b>3,490</b>	<b>3,384</b>	<b>3,366</b>	<b>3,391</b>	<b>3,432</b>	<b>3,410</b>	<b>3,396</b>	<b>3,387</b>

<sup>(1)</sup> Values provided for July (SMUD's peak month). Based on information available as of [\_\_\_\_]. Totals may not sum due to rounding. Capacity values for wind, solar, storage, and future variable renewable projects shown are based on resource ELCC modeling. [Excludes a potential carbon sequestration power purchase agreement that SMUD is considering.]

<sup>(2)</sup> Assumes resource is fueled with existing renewable natural gas supply. See "POWER SUPPLY AND TRANSMISSION – Fuel Supply – *Renewable Natural Gas Supply*."

<sup>(3)</sup> SMUD assumes that for all firm system purchases, the suppliers will be planning 5% reserves.



## Balancing Authority Area Agreements

**Background.** SMUD began operating as an independent control area, later termed a Balancing Authority, on June 18, 2002 within the WECC reliability organization's region. This reduced SMUD's exposure to the costs and reliability risks of the CAISO's markets. SMUD expanded its operational footprint beyond SMUD's service territory to include WAPA's electric system, including the MID, Roseville, and Redding service areas (on January 1, 2005) and the COTP (on December 1, 2005). As described further below, SMUD ceased to be the Balancing Authority on April 30, 2011, as BANC took SMUD's place as the Balancing Authority. SMUD remains the operator of the Balancing Authority through a contract with BANC. SMUD administers the contracts with WAPA and TANC to provide specified Balancing Authority-related and other services, and is compensated by WAPA and TANC. TANC recovers such Balancing Authority services costs as a part of its annual operating budget from the COTP Participants and WAPA recovers its Balancing Authority services costs through its rates for power and transmission service. The agreement with WAPA, among other terms, establishes operating procedures and reserve obligations between the parties and terminates on December 31, 2026. WAPA in turn has agreements with electric systems connected to it to assure that such systems also operate reliably (i.e., MID, Roseville and Redding). As a result of the transition to BANC as the Balancing Authority, SMUD assigned or terminated its interconnection and operations agreements with other interconnecting Balancing Authority areas (i.e., CAISO, BPA and TID). BANC is now the party to these agreements as they primarily address only Balancing Authority matters required for compliance with the reliability standards issued by the North American Electric Reliability Corporation ("NERC"), such as emergency assistance arrangements. See also "OTHER FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY – Western Energy Imbalance Market."

**Reliability Standards.** The Energy Policy Act of 2005 gave FERC authority to enforce reliability standards for the bulk electric system. In June 2007, these standards became mandatory for SMUD and BANC.

In 2022, SMUD and BANC underwent a combined NERC/WECC audit to evaluate compliance with applicable reliability standards. These audits occur every three years. At the conclusion of the audit, regulators determined that neither entity had any compliance violations related to the Operations and Planning or Critical Infrastructure Protection Standards. SMUD and BANC are currently undergoing another NERC/WECC audit with results expected sometime in 2025.

**Balancing Authority of Northern California.** SMUD, MID, Redding and Roseville executed a Joint Exercise of Powers Agreement (the "BANC JPA Agreement") creating BANC on May 8, 2009. BANC became operational on May 1, 2011 as a Balancing Authority and replaced SMUD as the entity responsible for Balancing Authority-related reliability standards. Since that time, the Trinity Public Utilities District and the City of Shasta Lake have also become members of BANC. As provided in the BANC member agreement, liability for penalties associated with such Balancing Authority-related reliability standards are shared on a *pro rata* basis among the members of BANC. SMUD is the Balancing Authority operator under contract and performs Balancing Authority operational functions on behalf of BANC, much as it did when it was the Balancing Authority. The BANC JPA Agreement assigns cost responsibility based on member load within the BANC Balancing Authority, with SMUD representing approximately 70% of the total load.

## Western Power Pool Agreement

The Western Power Pool ("WPP") is an agreement among over 30 utilities and public agencies in the western United States to coordinate contingency reserve sharing, referred to as the WPP Reserve Sharing Program ("RSP"). The RSP permits participants to rely on one another in the event that any



participant experiences a generating resource outage. While SMUD became an RSP participant in 2009, participation is limited to Balancing Authorities, which SMUD relinquished to BANC in 2011. Under the RSP, BANC and TID (also a WPP member) share their reserve amounts and when necessary and when sufficient unused COTP rights and capacity are available, may call upon WPP reserves from the RSP member systems in the Pacific Northwest. The WPP RSP permits members to operate more efficiently by reducing the contingency reserves that they would otherwise need to have available if they could not rely on each other.

## **Other Interconnection Agreements**

**Background.** SMUD's electric system was originally purchased from PG&E in 1946. SMUD's service area is mostly surrounded by PG&E's and WAPA's service areas. The SMUD and PG&E electric systems are interconnected at SMUD's Rancho Seco and Lake 230-kV substations. SMUD and WAPA are interconnected at SMUD's Hurley, Elverta, Natomas and Folsom 230-kV substations.

**PG&E Interconnection Agreement.** PG&E and SMUD executed a Replacement Interconnection Agreement ("RIA") which became effective on January 1, 2010. The RIA provides that SMUD and PG&E operate their interconnections reliably, plan their electric systems to meet their load requirements, and avoid or mitigate impacts they cause by certain electric system modifications. The agreement had an original termination date of December 31, 2024, which was extended through December 31, 2025 to allow PG&E to complete a settlement process with TID as described below. SMUD and other northern California utilities have similar interconnection agreements with PG&E, albeit with different expiration dates. PG&E filed a successor interconnection agreement with one of these utilities, TID, on November 1, 2023, to become effective on January 1, 2024. Many interconnection customers, including SMUD, intervened and submitted comments or protests in the FERC docket. TID and PG&E held settlement discussions and ultimately agreed on a successor interconnection agreement that was filed at FERC for approval on April 17, 2025. PG&E will likely seek to negotiate a successor interconnection agreement with SMUD which will be informed by the TID settlement agreement. While some functional mechanisms in the interconnection agreement may change, SMUD expects that its successor interconnection agreement will substantially preserve the balance of burdens and benefits consistent with FERC's standard of requiring rates and terms of service that are just and reasonable. SMUD expects this process to be completed by the extended expiration date of the RIA.

**PG&E Generator Interconnection Agreements.** SMUD signed a Large Generator Interconnection Agreement ("LGIA") with CAISO and PG&E for the Solano 3 Wind Project, effective December 16, 2008, with a 50-year term. The Solano 2 Wind Project has interconnection rights granted through a LGIA, also with the CAISO and PG&E. The agreement became effective in January 2010 and has a term of 20 years. On June 3, 2021, SMUD entered into a LGIA with the CAISO and PG&E, for the planned 90.8 MW Solano 4 Wind project with a 10-year term and automatic renewal for successive one-year terms thereafter. On February 27, 2023, SMUD completed a combined LGIA amendment administrative process which combines the Solano 2, 3 & 4 projects into one Solano Wind Project. The original agreement conditions for the individual projects are carried forward with a new combined project maximum production limit of 320.8 MW at the point of interconnection at the Russell Substation.

Other PG&E generator interconnection agreements include a Small Generator Interconnection Agreement with PG&E for Slab Creek with a 22-year term which became effective on January 14, 2010, and a Small Generator Interconnection Agreement with PG&E for the Chili Bar Project with a 10-year term which became effective on June 2, 2021.

**WAPA Interconnection Agreement and other WAPA Agreements.** SMUD and WAPA executed an interconnection agreement on May 8, 2008 for a term of 40 years which establishes the terms and



conditions under which the SMUD and WAPA transmission systems are interconnected and memorializes related understandings. SMUD is working with WAPA on a reconfiguration at the shared Elverta interconnection to increase reliability and accommodate new generation interconnection in the area. SMUD has other agreements with WAPA including for operation of the Sutter Energy Center generating facility, communication systems terms and fiber optic access, training and for use of WAPA labor and heavy equipment to assist SMUD's maintenance activities on an as-available basis.

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## SELECTED OPERATING DATA

Selected operating data of SMUD for the four years ended December 31, 2021 through 2024 and for the two months ended February 28, 2025 and February 29, 2024 are presented in the following table.

### SMUD SELECTED OPERATING DATA CUSTOMERS, SALES, SOURCES OF ENERGY AND REVENUES

	Two Months Ended February,		Year Ended December 31,			
	2025	2024	2024	2023	2022	2021
<b>Customers at End of Period:</b>						
Residential .....	598,022	589,014	596,785	588,308	576,471	572,786
Commercial and industrial .....	70,620	70,112	70,468	70,147	69,512	69,426
Other .....	7,251	7,252	7,257	7,253	7,290	7,345
Total .....	675,893	666,378	674,510	665,708	653,273	649,557
<b>MWh Sales:</b>						
Residential .....	751,843	728,124	4,992,375	4,676,766	4,763,277	4,749,079
Commercial and industrial .....	858,433	838,427	5,676,491	5,374,936	5,805,052	5,649,474
Other .....	9,194	9,366	52,335	52,660	53,965	54,473
Total .....	1,619,470	1,575,917	10,721,201	10,104,362	10,622,294	10,453,026
Surplus power/out of area sales .....	687,118	615,211	4,131,264	4,143,139	2,493,651	2,774,907
Total .....	2,306,588	2,191,128	14,852,465	14,247,501	13,115,945	13,227,933
<b>Sources of Energy Sold MWh:</b>						
Generated by SMUD .....	1,252,156	1,244,977	7,264,859	7,270,858	4,368,126	6,776,244
Purchased or exchanged .....	1,106,848	998,191	7,943,974	7,308,120	9,162,576	6,884,003
Total .....	2,359,004	2,243,168	15,208,833	14,578,978	13,530,702	13,660,247
Less System losses and SMUD usage .....	52,416	52,040	356,368	331,477	414,757	432,314
Total .....	2,306,588	2,191,128	14,852,465	14,247,501	13,115,945	13,227,933
Gross System peak demand (kW) <sup>(1)</sup> .....	1,606,000	1,542,000	3,147,000	3,059,000	3,263,000	3,019,000
Average kWh sales per residential customer <sup>(2)</sup> .....	1,258	1,236	8,425	8,018	8,293	8,316
<b>Average Revenue per kWh Sold:</b>						
Residential <sup>(2)</sup> (cents) .....	15.75	14.94	17.86	16.87	16.73	16.20
Commercial & industrial <sup>(2)</sup> (cents) .....	14.55	13.99	15.53	15.00	13.97	13.95

<sup>(1)</sup> Peak system MW values are measured at the four SMUD interconnection points and exclude SMUD's generation losses. Historical values include the impacts of dispatchable, non-dispatchable, and energy efficiency program capacity savings.

<sup>(2)</sup> The average kWh sales per residential customer and the average revenue per kWh sold are calculated based upon billed and unbilled sales.

Source: SMUD

## SELECTED FINANCIAL DATA

### SMUD Financial Information

The following table presents selected financial data of SMUD. Under generally accepted accounting principles, data with respect to SMUD's component units, such as the Authorities, is included with that of SMUD. The following presents data for SMUD only and not its component units, such as the Authorities. SMUD's audited financial statements for the years ended December 31, 2024 and December 31, 2023 are included in APPENDIX B attached to this Official Statement. The following unaudited data for SMUD (excluding its component units) is drawn from SMUD's financial records that have been subjected to the auditing procedures applied in the audits of SMUD's and its component units' financial statements for the years ended December 31, 2021 through 2024. The selected financial data for the periods ended February 28, 2025 and February 29, 2024 are derived from SMUD's unaudited financial records,



which have been prepared on the same basis as SMUD's data for the years ended December 31, 2021 through 2024. The selected financial data for the period ended February 28, 2025 are not necessarily indicative of the financial data to be expected for the entire year ending December 31, 2025.

**SMUD FINANCIAL DATA<sup>(1)</sup>**  
**(thousands of dollars)**

	<b>Two Months Ended February,</b>		<b>Year Ended December 31,</b>			
	<b>2025</b>	<b>2024</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Summary of Income</b>						
Operating Revenues <sup>(2)</sup> .....	\$ 293,729	\$ 293,225	\$ 1,953,510	\$1,918,854	\$2,138,655	\$1,784,290
Operating Expenses .....	(266,628)	(303,179)	(1,804,727)	(1,772,503)	(2,102,451)	(1,464,069)
Operating Income (Loss) .....	27,101	(9,954)	148,783	146,351	36,204	320,221
Interest and Other Income (Expense) ..	9,828	67,026	165,955	145,035	124,480	108,788
Interest Expense .....	(10,459)	(12,165)	(70,251)	(73,275)	(74,702)	(81,692)
Change in Net Position .....	<u>\$ 26,470</u>	<u>\$ 44,907</u>	<u>\$ 244,487</u>	<u>\$ 218,111</u>	<u>\$ 85,982</u>	<u>\$ 347,317</u>
<b>Selected Statement of Net Position Information</b>						
Net Plant in Service .....	\$4,058,018	\$3,713,867	\$4,078,371	\$3,652,422	\$3,682,180	\$3,502,335
Construction Work in Progress .....	543,610	625,789	520,435	587,722	323,499	365,478
Electric Utility Plant – Net.....	<u>\$4,601,628</u>	<u>\$4,339,656</u>	<u>\$4,598,806</u>	<u>\$4,240,144</u>	<u>\$4,005,679</u>	<u>\$3,867,813</u>
Unrestricted Cash.....	\$ 439,351	\$ 505,891	\$ 499,098	\$ 534,157	\$ 591,410	\$ 569,001
Rate Stabilization Fund.....	\$ 342,775	\$ 213,563	\$ 345,389	\$ 212,131	\$ 156,016	\$ 188,992
Total Assets .....	\$7,345,207	\$6,815,486	\$7,279,955	\$6,610,818	\$6,447,908	\$6,096,865
Net Position .....	\$2,866,960	\$2,640,910	\$2,840,490	\$2,596,004	\$2,377,893	\$2,291,910
Long-Term Debt <sup>(3)</sup> .....	\$2,481,886	\$2,300,113	\$2,488,137	\$2,305,156	\$2,236,824	\$2,387,686
<b>Debt Service Coverage Ratios</b>						
Parity Debt Service Coverage Ratio ..	N/A	N/A	3.32x	2.58x	2.04x	2.59x
Parity and Subordinate Debt Service Coverage Ratio.....	N/A	N/A	3.09x	2.44x	1.94x	2.47x

(1) The financial statements of SMUD comprise financial information of SMUD along with its component units, SFA, NCGA and NCEA. This table includes only financial information of SMUD excluding its component units. Net operating revenues and expenses and Electric Utility Plant and Capitalization of CVFA, SPA, SCA, SFA, NCGA and NCEA are not included in this table, although amounts paid to or received from the Authorities by SMUD are included.

(2) Operating Revenues reflect net transfers to (from) the Rate Stabilization Fund for each full year as follows:  
2025 (\$3.3) million through February 28, 2025  
2024 \$133.3 million  
2023 \$56.1 million  
2022 (\$33.0) million  
2021 \$20.3 million

Transfers to the Rate Stabilization Fund reduce operating revenues in the year transferred; transfers from the Rate Stabilization Fund increase operating revenues. Transfers from the HGA balancing account in the Rate Stabilization Fund are automatic based on the amount of precipitation received. See "RATES AND CUSTOMER BASE – Rates and Charges" above.

(3) Long-Term Debt includes Long-Term Debt due within one year and unamortized premiums.

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## Financial Information of SMUD and the Authorities

The following table presents a summary of selected financial information for SMUD and the Authorities.

### SUMMARY OF FINANCIAL INFORMATION OF SMUD AND THE AUTHORITIES FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (thousands of dollars)

	Year Ended December 31, 2024			Year Ended December 31, 2023		
	SMUD	Authorities	Total <sup>(1)</sup>	SMUD	Authorities	Total <sup>(1)</sup>
<b>Summary of Income</b>						
Operating Revenues <sup>(2)</sup> .....	\$ 1,953,510	\$ 353,608	\$ 1,962,101	\$ 1,918,854	\$ 314,464	\$1,930,664
Operating Expenses .....	(1,804,727)	(344,248)	(1,803,958)	(1,772,503)	(278,519)	(1,748,368)
Operating Income .....	148,783	9,360	158,143	146,351	35,945	182,296
Interest and Other Income	165,955	3,711	169,094	145,035	17,944	136,217
Interest Expense.....	(70,251)	(31,565)	(101,816)	(73,275)	(25,516)	(98,791)
Change in Net Position.....	<u>\$ 244,487</u>	<u>\$ (18,494)</u>	<u>\$ 225,421</u>	<u>\$ 218,111</u>	<u>\$ 28,373</u>	<u>\$ 219,722</u>
<b>Selected Statement of Net Position Information</b>						
Net Plant in Service .....	\$4,078,371	\$ 257,473	\$4,048,848	\$3,652,422	\$ 288,235	\$3,653,965
Construction Work in Progress.....	520,435	7,304	527,739	587,722	2,937	590,659
Electric Utility Plant – Net ....	<u>\$4,598,806</u>	<u>\$ 264,777</u>	<u>\$4,576,587</u>	<u>\$4,240,144</u>	<u>\$ 291,172</u>	<u>\$4,244,624</u>
Unrestricted Cash .....	\$ 499,098	\$ 48,033	\$ 547,131	\$ 534,157	\$ 36,458	\$ 570,615
Rate Stabilization Fund ....	\$ 345,389	--	\$ 345,389	\$ 212,131	--	\$ 212,131
Total Assets .....	\$7,279,955	\$1,245,067	\$8,120,833	\$6,610,818	\$1,105,825	\$7,320,723
Net Position .....	\$2,840,490	\$ 255,126	\$2,812,120	\$2,596,004	\$ 273,616	\$2,586,699
Long-Term Debt <sup>(3)</sup> .....	\$2,488,137	\$ 901,187	\$3,389,324	\$2,305,156	\$ 753,465	\$3,058,621

(1) Financial information for SMUD and the SMUD JPAs (SFA, NCGA and NCEA) include intercompany balances. The financial information reflects balances after the elimination of intercompany accounts including Authorities distributions to SMUD of \$0.6 million in 2024 and \$26.8 million in 2023.

(2) Operating Revenues reflect net transfers to (from) the Rate Stabilization Fund as follows:  
2024 \$133.3 million  
2023 \$56.1 million

Transfers to the Rate Stabilization Fund reduce operating revenues in the year transferred; transfers from the Rate Stabilization Fund increase operating revenues. Transfers from the HGA balancing account in the Rate Stabilization Fund are automatic based on the amount of precipitation received. See “RATES AND CUSTOMER BASE – Rates and Charges” above.

(3) Long-Term Debt includes Long-Term Debt due within one year and unamortized premiums.

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## Management's Discussion of SMUD's Operating Results

***Two Months Ended February 28, 2025 (Unaudited).*** For the two months ended February 28, 2025, SMUD reported an increase in net position of \$26.5 million as compared to an increase of \$44.9 million for the two months ended February 29, 2024.

Operating revenues were \$0.5 million higher than 2024. This was primarily due to higher sales to customers (\$17.4 million), transfers to the rate stabilization fund (\$5.2 million), offset by lower sales of surplus power (\$9.4 million), sales of surplus gas (\$6.6 million), and AB 32 revenue (\$4.6 million).

Operating expenses were \$36.6 million lower than 2024. This was primarily due to lower purchased power expenses (\$26.7 million), transmission and distribution maintenance expenses (\$6.6 million), and production operating expenses (\$4.3 million).

Non-Operating income was \$57.2 million lower than 2024. This was primarily due to a decrease in other income (\$58.1 million), partially offset by higher unrealized gains (\$2.1 million).

Interest expense decreased \$1.7 million from 2024.

***Year Ended December 31, 2024.*** For the year ended December 31, 2024, SMUD reported an increase in net position of \$244.5 million as compared to an increase of \$218.1 million for 2023.

Operating revenues were \$34.7 million higher than 2023. This was primarily due to higher sales to customers (\$178.3 million), AB 32 revenue (\$8.8 million), LCFS revenue (\$2.0 million), higher transmission and JPA operations revenues (\$1.6 million) and customer fees (\$1.6 million), partially offset by higher transfers to the rate stabilization fund (\$79.0 million), lower sales of surplus power (\$57.7 million), and lower sales of surplus gas (\$23.8 million).

Operating expenses were \$32.2 million higher than 2023. This was primarily due to higher administrative and general expenses (\$51.5 million), public good expenses (\$9.4 million), customer service and information (\$8.9 million), amortization of regulatory assets (\$6.0 million) and transmission and distribution operations expenses (\$3.2 million), partially offset by lower production operating expenses (\$21.6 million), transmission and distribution maintenance expenses (\$15.7 million), and purchased power expenses (\$12.1 million).

Non-Operating income increased by \$20.9 million primarily due to higher other income (\$12.6 million) due to a business interruption insurance recovery payment related to the Cosumnes Power Plant outage claim and certain settlement payments, higher interest and investment income (\$12.2 million), partially offset by lower unrealized losses (\$4.6 million).

Interest expense decreased \$3.0 million from 2023.

***Year Ended December 31, 2023.*** For the year ended December 31, 2023, SMUD reported an increase in net position of \$218.1 million as compared to an increase of \$86.0 million for 2022.

Operating revenues were \$219.8 million lower than 2022. This was primarily due to lower sales of surplus gas (\$118.3 million), transfers to the rate stabilization fund (\$67.2 million), sales to customers (\$28.3 million), transfers from the rate stabilization fund (\$21.9 million), and LCFS revenue (\$3.9 million), partially offset by higher sales of surplus power (\$13.6 million), AB 32 revenue (\$3.7 million), and customer fees (\$1.1 million).



Operating expenses were \$329.9 million lower than 2022. This was primarily due to lower purchased power expenses (\$281.4 million), production operating expenses (\$134.7 million), transmission and distribution operating expenses (\$7.2 million), partially offset by higher administrative and general expenses (\$40.7 million), transmission and distribution maintenance expenses (\$15.8 million), depreciation (\$11.4 million), public good (\$8.8 million), and customer service and information expenses (\$6.6 million).

Non-Operating income increased by \$20.6 million primarily due to gain on sale of land (\$33.3 million), higher interest income (\$23.0 million), higher unrealized holding gains (\$11.4 million), higher CCA revenues (\$5.7 million), partially offset by lower investment income (\$39.1 million).

Interest expense decreased \$1.4 million from 2022.

**Regulatory Assets.** In accordance with Governmental Accounting Standards Board (“GASB”) No. 62, “Regulated Operations,” SMUD defers, as regulatory assets, certain types of expenditures. These assets are amortized and collected through future rates.

As of December 31, 2024, SMUD had a total of \$1,001.9 million recorded for regulatory assets. Regulatory assets associated with costs related to implementation of GASB No. 68 which requires SMUD to record a net pension liability was \$306.5 million and deferred outflows related to GASB No. 68 was \$274.2 million at December 31, 2024. Regulatory assets associated with costs related to implementation of GASB No. 75 which requires SMUD to record a net Other Post Employment Benefit (OPEB) liability was \$255.5 million and deferred outflows related to GASB No. 75 was \$59.2 million at December 31, 2024. Regulatory assets associated with Rancho Seco decommissioning costs totaled \$105.1 million at December 31, 2024. Nuclear fuel storage costs and non-radiological decommissioning costs have been collected in rates since 2009. For a complete description of these regulatory assets, see Note 8 (Regulatory Deferrals) to SMUD’s financial statements.

The Board has authorized the deferral of any charges or credits that result from the change in valuation of ineffective hedges that should be reported as Investment Revenue/Expense on the Statements of Revenues, Expenses and changes in net position. The Board’s resolution establishes that such charges or credits are not included in rates based on market value changes but are included in rates when the underlying transactions occur. Therefore, under GASB No. 62, “Regulated Operations,” any such changes are included in the Statement of Net Position as regulatory assets or liabilities. For a complete description of these derivative financial instruments, see Note 9 (Derivative Financial Instruments) to SMUD’s financial statements.

## **RANCHO SECO DECOMMISSIONING**

**Overview.** The 913 MW Rancho Seco Nuclear Power Plant (“Rancho Seco”) began Nuclear Regulatory Commission (“NRC”) licensed operations in 1974. In June 1989, the electorate of SMUD voted against allowing SMUD to continue to operate Rancho Seco as a nuclear generating facility, and the plant was shut down. In 1991, SMUD submitted a report (the “Financial Assurance Plan”) providing required financial assurance to the NRC that SMUD will have sufficient funds available to pay for the cost of decommissioning. On March 17, 1992, the NRC granted SMUD a change from an operating to a possession-only license for Rancho Seco that relieved SMUD from compliance with a number of NRC regulations applicable to operating nuclear power plants. SMUD also filed a proposed decommissioning plan with the NRC (the “Decommissioning Plan”), which was approved in March 1995.

After the decommissioning efforts began, no suitable disposal option was available to SMUD for the Class B and Class C low level radioactive waste generated during the plant decommissioning. With the used nuclear fuel stored onsite requiring oversight staff, SMUD opted to store the Class B and Class C



radioactive waste in an existing interim onsite storage building until a suitable disposal option was available. In November 2007, the possession-only license for Rancho Seco was amended to update the Decommissioning Plan to terminate the possession-only license for the Class B and Class C waste in two phases. Phase I of the decommissioning was completed at the end of 2008. Following verification of the site conditions, SMUD submitted a request to the NRC to reduce the licensed facility from 2,480 acres to the interim onsite storage building and about one acre surrounding it. The request was approved by the NRC in September 2009. Phase II of decommissioning included the approximately two-acre interim storage building containing the Class B and Class C radioactive waste and surrounding area. In September 2013, SMUD entered into a contract with the operator of the low-level radioactive waste disposal facility located in Andrews, Texas. Shipment of the Class B and Class C radioactive waste for disposal was completed in November 2014. SMUD conducted additional clean-up activities and radiological surveys, which were followed by NRC confirmatory surveys. The results of these surveys demonstrated unit dose criteria well below NRC release criteria, and the NRC approved the Phase II area for unrestricted use. On September 21, 2017, SMUD formally requested the termination of the possession-only license. On August 31, 2018, the NRC officially terminated SMUD's possession-only license for the remaining Class B and Class C waste at Rancho Seco.

As part of the Decommissioning Plan, the nuclear fuel and Greater Than Class C ("GTCC") radioactive waste is being stored in a dry storage facility (the Independent Spent Fuel Storage Installation or "ISFSI") constructed by SMUD, adjacent to the former reactor facility. The NRC has separately licensed this facility. The United States Department of Energy (the "DOE"), under the Nuclear Waste Policy Act of 1982, is responsible for permanent disposal of used nuclear fuel and GTCC radioactive waste. SMUD has a contract with the DOE for the removal and disposal of this waste. The DOE was to have a waste repository operating by 1998, but has experienced significant and ongoing delays. The Nuclear Waste Policy Act designates Yucca Mountain in Nevada as the final and exclusive repository for the nation's used nuclear fuel. The DOE discontinued the Yucca Mountain license review activities in 2010, but after a court ordered the NRC to resume its review in 2013, the NRC published its final safety evaluation report in 2015. The final safety report, and the final environmental impact statement, concluded that the proposed repository would be safe and environmentally sound for one million years.

Nevertheless, seeking alternatives to Yucca Mountain, the Blue-Ribbon Commission on America's Nuclear Future delivered its final report in January 2012 with several recommendations. The DOE responded to the recommendations by issuing a report in January 2013 (Strategy for the Management and Disposal of Used Nuclear Fuel and High-Level Radioactive Waste). Key to both documents is a focus on used fuel from decommissioned sites including Rancho Seco. The DOE report accepts most of the Blue-Ribbon Commission recommendations, and contains timelines for fuel management options which proposed removing the fuel from Rancho Seco as early as 2021. However, any progress on the strategies proposed by the DOE is dependent on legislative action by Congress. With no legislative action taken to date, the 2021 projected date for fuel removal slips year-for-year. Therefore, SMUD cannot determine at this time when the DOE will fulfill its contractual obligations to remove the nuclear fuel and GTCC waste from the Rancho Seco facility. In the meantime, SMUD continues to incur costs of approximately \$6 to \$7 million per year for storage of used nuclear fuel at the ISFSI. Historically, SMUD filed a series of successful lawsuits against the federal government for recovery of past spent fuel costs. In the past decade, SMUD has executed and extended a settlement agreement with the federal government, pursuant to which SMUD is reimbursed for most spent fuel costs without having to litigate its claims. SMUD last recovered over \$5 million through the settlement process in 2025 for expenses incurred in 2023. SMUD plans to continue pursuing cost recovery claims through the settlement agreement, or, upon expiration of the agreement, through litigation, to ensure it is reimbursed for its costs in the future. The ISFSI will be decommissioned, and its license terminated after the fuel and GTCC is ultimately removed.



***Financial Assurance Plan.*** In accordance with the Financial Assurance Plan, SMUD established and funded an external decommissioning trust fund currently held by Computershare Corporate Trust (the “Decommissioning Trust Fund”). Pursuant to the Financial Assurance Plan, SMUD made the final deposit into the Decommissioning Trust Fund in 2008. Additional deposits are not expected but will be made if increased cost estimates or reduced fund interest earnings require it. In 2011, the NRC began requiring that SMUD demonstrate financial assurance for decommissioning the ISFSI as well as the former power facility, increasing the overall cost for decommissioning Rancho Seco. The estimated total cost for decommissioning the ISFSI was approximately \$7.1 million on December 31, 2023. The decommissioning cost estimate is required to be updated every three years. As of December 31, 2024, the balance of the Decommissioning Trust Fund was \$9.9 million, excluding unrealized gains and losses. Based on the current decommissioning cost estimate and the value of the fund, SMUD’s existing Decommissioning Trust Fund provides sufficient funds to complete decommissioning and terminate the ISFSI license.

In addition to these costs, SMUD also estimates that it would cost approximately \$13.1 million to restore the site to make it available for other SMUD uses with some major structures remaining intact. Site restoration is not a legal requirement. No site restoration is currently underway.

## **EMPLOYEE RELATIONS**

SMUD has approximately 2,469 employees, most of whom are covered by a civil service system. SMUD is a contracting member of the California Public Employees’ Retirement System (“PERS”). Approximately 50% of SMUD’s work-force is represented as to wages, hours and other terms and conditions of employment, by one of three recognized employee organizations, the International Brotherhood of Electrical Workers (“IBEW”) Local 1245, the Organization of SMUD Employees (“OSE”), and the SMUD Public Safety Officers’ Association (“PSOA”). The remaining approximately 50% of SMUD’s work-force, which includes managers, professional, administrative, supervisory, and confidential, is unrepresented.

SMUD negotiated a four-year Memoranda of Understanding (“MOU”) with IBEW and the OSE, effective January 1, 2022, through December 31, 2025. Both contracts contain a no-strike/no-lockout clause effective during the life of the agreements. SMUD has an MOU with PSOA effective through December 31, 2026. SMUD has experienced only one labor interruption, which occurred in January 1980 that lasted four days.

## **RETIREMENT BENEFITS AND POST-EMPLOYMENT MEDICAL BENEFITS**

### **Pension Plans**

SMUD participates in PERS, an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State. Benefit provisions and all other requirements are established by State statute and SMUD policies. The pension plan provides retirement benefits, survivor benefits, and death and disability benefits based upon employees’ years of credited service, age, and final compensation.

As of June 30, 2023, the last actuarial valuation date for SMUD’s plan within PERS, the market value of the SMUD plan assets was \$2.4 billion. The plan is 85.4% funded on a market value of assets basis, a decrease of 2.4% compared to the June 30, 2022 funded status based on the market value of assets.



As an employer, SMUD is required to contribute a percentage of payroll each year to PERS to fund SMUD's plan based on actuarial valuations performed by PERS. PERS collects the normal cost based on a percentage of payroll and the unfunded liability portion is based on a dollar amount. SMUD also makes partial contributions required of SMUD employees on their behalf and for their account. At the PERS fiscal year ended June 30, 2024, SMUD's required employer contribution rate for normal cost was 9.6% of payroll. There was no employer contribution to the unfunded liability for the fiscal year ending June 30, 2024. During 2024, SMUD contributed \$30.3 million to PERS (including SMUD's contributions to cover required employee contributions), and SMUD employees paid \$20.0 million for their share of the PERS contribution.

For the fiscal years ending June 30, 2025 and June 30, 2026, SMUD is required to contribute 9.5% and 9.3% of payroll for normal costs and \$10.7 million and \$24.8 million for the unfunded liability contribution, respectively. Assuming no amendments to the plan and no liability gains or losses (which can have a significant impact), PERS has projected that SMUD will be required to contribute 9.1% of payroll to the plan for normal costs and \$30.3 million for the unfunded liability for the fiscal year ending June 30, 2027, not including SMUD contributions to cover required employee contributions. The amount SMUD is required to contribute to PERS is expected to increase in the future. The actual amount of such increases will depend on a variety of factors, including but not limited to investment returns, actuarial methods and assumptions, experience and retirement benefit adjustments.

SMUD has the option to prepay an annual lump sum payment to PERS for the unfunded accrued liability portion only (not including SMUD contributions to cover required employee contributions). SMUD was not required to make a lump sum prepayment but voluntarily made an additional payment of \$33.8 million toward the unfunded accrued liability for the fiscal year ended June 30, 2024. SMUD made an annual lump sum prepayment of \$10.3 million and, to date, has not voluntarily made additional payments towards the unfunded accrued liability for the fiscal year ending June 30, 2025.

While SMUD has some ability to adjust the retirement benefits provided to its employees, PERS determines the actuarial methods and assumptions used with respect to assets administered by PERS (including the SMUD plan assets) and makes the investment decisions with respect to such assets. For a description of such actuarial methods and assumptions (including the smoothing conventions used by PERS when setting employer contribution rates) and investments, see the comprehensive annual financial report of PERS (SMUD's plan is part of the Public Employees' Retirement Fund of PERS) available on its website at [www.calpers.ca.gov](http://www.calpers.ca.gov). SMUD cannot guarantee the accuracy of such information and neither the comprehensive annual financial report of PERS nor any other information contained on the PERS website is incorporated by reference in or part of this Official Statement. Actuarial assessments are "forward-looking" information that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may prove to be inaccurate or be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

GASB issued statement No. 68 "Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27" ("GASB No. 68"). The primary objective of GASB No. 68 is to improve accounting and financial reporting by state and local governments for pensions. Under GASB No. 68, SMUD is required to report the net pension asset or net pension liability (i.e., the difference between the total pension liability and the pension plan's net position or market value of assets) in its Statement of Net Position. This standard requires shorter amortization periods for recognition of non-investment gains and losses and actuarial assumption changes, as well as for recognition of investment gains and losses. GASB No. 68 separates financial reporting from funding requirements for pension plans. The net pension liability as of December 31, 2024 and December 31, 2023 is \$308.4 million and \$259.0 million, respectively.



SMUD provides its employees with two cash deferred compensation plans: one pursuant to Internal Revenue Code (“IRC”) Section 401(k) (the “401(k) Plan”) and one pursuant to IRC Section 457 (the “457 Plan” and collectively, the “Plans”). The Plans are contributory plans in which SMUD’s employees contribute the funds. Each of SMUD’s eligible full-time or permanent part-time employees may participate in either or both Plans, and amounts contributed by employees are vested immediately. Such funds are held by a trustee in trust for the employees upon retirement from SMUD service and, accordingly, are not subject to the general claims of SMUD’s creditors. SMUD makes annual contributions to the 401(k) Plan on behalf of certain employees pursuant to a memorandum of understanding with both of its collective bargaining units. SMUD matches non-represented employee contributions to the 401(k) Plan up to a set amount. SMUD also makes limited discretionary contributions to non-represented employees hired after January 1, 2013, which contributions fully vest after five years. Prior to 2022, SMUD did not match employee contributions, nor make contributions on behalf of its employees to the 457 Plan. Beginning in 2022, SMUD makes annual contributions to the 457 Plan on behalf of certain employees and matches employee contributions up to a set amount pursuant to a memorandum of understanding with one of its collective bargaining units. SMUD made contributions to both Plans of \$7.5 million in 2024 and \$6.9 million in 2023. Participating employees made contributions into both Plans totaling \$36.0 million in 2024 and \$34.3 million in 2023.

### **Other Post-Employment Benefits**

SMUD provides post-employment healthcare benefits, in accordance with SMUD policy and negotiated agreements with employee representation groups in a single employer defined benefit plan, to all employees who retire from SMUD, and their dependents. SMUD also provides post-employment healthcare benefits to covered employees who are eligible for disability retirement. SMUD contributes the full cost of coverage for retirees hired before January 1, 1991, and a portion of the cost based on credited years of service for retirees hired after January 1, 1991. SMUD also contributes a portion of the costs of coverage for these retirees’ dependents. Retirees are required to contribute the portion that is not paid by SMUD. The benefits, benefit levels, retiree contributions and employer contributions are governed by SMUD and can be amended by SMUD through its personnel manual and union contracts.

SMUD’s post-employment health care benefits are funded through the PERS California Employers’ Retiree Benefit Trust (“CERBT”), an agent multiple-employer plan. The funding of a plan occurs when the following events take place: the employer makes payments of benefits directly to or on behalf of a retiree or beneficiary; the employer makes premium payments to an insurer; or the employer irrevocably transfers assets to a trust or other third party acting in the role of trustee, where the plan assets are dedicated to the sole purpose of the payments of the plan benefits, and creditors of the government do not have access to those assets.

SMUD has elected to contribute the normal costs to the CERBT but annually receive reimbursement for cash benefit payments from the CERBT. In 2025, SMUD’s contribution for the normal costs to CERBT is \$11.5 million. In 2024 and 2023, SMUD made contributions to the CERBT for normal costs in the amount of \$10.7 and \$8.6 million, respectively. SMUD can elect to make additional contributions to the trust. During 2024 and 2023, SMUD made healthcare benefit contributions by paying actual medical costs of \$25.3 million and \$24.7 million, respectively. During 2024 and 2023, SMUD received \$24.1 million and \$24.4 million, respectively, in reimbursement for cash benefit payments from the CERBT.

At June 30, 2024 and 2023, SMUD estimated that the actuarially determined accumulated post-employment benefit obligation was approximately \$431.7 and \$403.6 million, respectively. At June 30, 2024 and 2023, the plan was 90.7% and 92.3% funded, respectively.



SMUD's actuary uses PERS economic and other assumptions as the basis for the calculation of the post-employment benefit obligation. The actual accumulated post-employment benefit obligation will vary substantially if such PERS assumptions, such as interest rate and life expectancy, among others, prove to be inaccurate or different than SMUD's actual experience. Although SMUD believes that such assumptions and estimates are reasonable, no assurance can be given that any such assumptions will prove to be accurate, or that SMUD's actual accumulated post-employment benefit obligation will not materially exceed its estimates. Additional information is available in Note 15 (Other Postemployment Benefits) and "Required Supplementary Information" to SMUD's consolidated financial statements.

GASB previously issued SGAS No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions". The primary objective of GASB No. 75 is to improve accounting and financial reporting by state and local governments for post-employment benefits other than pensions ("OPEB"). Under GASB No. 75, SMUD is required to report the net OPEB asset or net OPEB liability (i.e., the difference between the total OPEB liability and the OPEB plan's net position or market value of assets) in its Statement of Net Position. This standard requires shorter amortization periods for recognition of non-investment gains and losses and actuarial assumption changes, as well as for recognition of investment gains and losses. The net OPEB liability as of December 31, 2024 and December 31, 2023 is \$34.1 million and \$25.3 million, respectively.

## CAPITAL REQUIREMENTS AND OUTSTANDING INDEBTEDNESS

### Estimated Capital Requirements

SMUD has a projected capital requirement of approximately \$3.0 billion for the period 2025 through 2029 as shown in the table below. Approximately 60% of this requirement is anticipated to be funded with internally generated funds and cash on hand.

Special projects include costs relating to construction of large substations and replacement operations control building.

### ESTIMATED CAPITAL REQUIREMENTS (Dollars in Thousands)

	Service Area and Other System Improvements Including Distribution System	Improvements to Existing Generation Plant	General Plant	Special Projects	Total Capital Requirements
2025	212,255	111,898	143,640	105,910	573,704
2025	132,943	74,069	115,279	277,702	599,993
2026	167,257	119,249	84,386	228,942	599,834
2027	167,257	119,249	84,386	228,942	599,834
2029	167,257	119,249	84,386	228,942	599,834

### Outstanding Indebtedness

**General.** SMUD typically finances its capital requirements through the sale of revenue bonds, the sale of commercial paper, from draws on its Revolving Credit Facility (as defined below) and from internally generated funds. With the enactment of the 2022 Inflation Reduction Act and the 2021 Infrastructure Investment and Jobs Act, SMUD is monitoring and exploring new methods of financing,



including those afforded under these two federal laws, that provide not-for-profit public power utilities with direct federal incentive payments.

SMUD's Electric Revenue Bonds (the "Senior Bonds") are issued pursuant to Resolution No. 6649 (the "Senior Resolution") adopted in 1971, as amended and supplemented (the "Senior Resolution"). As of March 31, 2025, SMUD had Senior Bonds in the aggregate principal amount of \$1,898,985,000 outstanding. If the plan of finance described in the forepart of this Official Statement is implemented in whole, Senior Bonds in the aggregate principal amount of \$[ ] are expected to be outstanding under the Senior Resolution. See "PLAN OF FINANCE" in the forepart of this Official Statement. The Senior Bonds are payable solely from the Net Revenues of SMUD's Electric System. The Senior Bonds are subordinate in right of payment to the prior payment of "Maintenance and Operation Costs" and "Energy Payments" as defined in the Senior Resolution, including payments by SMUD to TANC under PA3, payments by SMUD under power purchase agreements related to the Authorities and payments by SMUD to NCGA and NCEA under their respective gas supply contracts.

SMUD's Subordinated Electric Revenue Bonds (the "Subordinated Bonds") are issued pursuant to Resolution No. 85-11-1 of SMUD, adopted on November 7, 1985, as amended and supplemented (the "Subordinate Resolution"). As of March 31, 2025, SMUD had Subordinated Bonds in the aggregate principal amount of \$332,020,000 outstanding. If the plan of finance described in the forepart of this Official Statement is implemented in whole, Subordinated Bonds in the aggregate principal amount of \$[ ] are expected to be outstanding under the Subordinate Resolution. See "PLAN OF FINANCE" in the forepart of this Official Statement. The Subordinated Bonds are payable solely from the Net Subordinated Revenues of SMUD's Electric System. The Subordinated Bonds are subordinate in right of payment to the prior payment of principal of and interest on the Senior Bonds.

SMUD issues commercial paper notes (the "Notes") from time to time. As of [May \_\_, 2025], SMUD's Notes were outstanding in the aggregate principal amount of \$[75,000,000]. Currently, Notes in the aggregate principal amount of \$400,000,000 may be outstanding at any one time, but SMUD reserves the right to increase or decrease the aggregate principal amount of the Notes that may be outstanding at any one time in the future. The Notes are secured by letters of credit issued by commercial banks. The Notes (and SMUD's obligations to repay drawings under the letters of credit) are payable solely from available revenues of SMUD's Electric System and are subordinate in right of payment to the prior payment of principal of, premium if any, and interest on the Senior Bonds and the Subordinated Bonds. Drawings under the letters of credit, to the extent not repaid immediately from the proceeds of commercial paper or other available SMUD funds, are repayable with interest over a period of five years. The letters of credit currently expire in August of 2025 and March of 2027. SMUD expects to pay all \$[75,000,000] of the outstanding principal amount of the Notes with the proceeds of the [2025 Series O Bonds] (as defined in the forepart of this Official Statement). See "PLAN OF FINANCE" in the forepart of this Official Statement.

SMUD also entered into a revolving credit agreement with a commercial bank and issued its taxable and tax-exempt revolving notes thereunder (collectively, the "Revolving Credit Facility") in February 2022. As of the date of this Official Statement, no principal amount was outstanding under the Revolving Credit Facility. Currently, the aggregate principal amount that can be outstanding under the Revolving Credit Facility at any one time is limited to \$100,000,000. However, SMUD reserves the right to increase or decrease the aggregate principal amount that can be outstanding at any one time under the Revolving Credit Facility in the future. SMUD's payment obligations under the Revolving Credit Facility are payable solely from available revenues of SMUD's Electric System and are subordinate in right of payment to the prior payment of principal of, premium if any, and interest on the Senior Bonds and the Subordinated Bonds. The current term of the Revolving Credit Facility expires in February 2026.



**Joint Powers Authorities.** SMUD has entered into long-term take-or-pay power purchase agreements with SFA relating to the Local Gas-Fired Plants. Under such agreements, SMUD has exclusive control of the dispatch of all five of the Local Gas-Fired Plants and takes all of the power produced by the Local Gas-Fired Plants. See “POWER SUPPLY AND TRANSMISSION – Power Generation Facilities – Local Gas-Fired Plants.” The Authorities are each treated as component units of SMUD for accounting purposes. As of December 31, 2024, only SFA had outstanding debt, which related solely to the Cosumnes Power Plant and was payable solely from capacity payments made by SMUD under the related power purchase agreement. [The SFA bonds issued to finance the Cosumnes Power Plant were defeased in [May 2025].] SMUD’s payments under the power purchase agreements relating to the Local Gas-Fired Plants are payable from revenues of SMUD’s Electric System prior to the payment of principal of and interest on the Senior Bonds and Subordinated Bonds as either “Maintenance and Operation Costs” or “Energy Payments” under the Senior Resolution and Subordinate Resolution.

SMUD and Sacramento Municipal Utility District Financing Authority formed NCGA as a joint powers authority. NCGA is treated as a component unit of SMUD for accounting purposes. NCGA issued \$757,055,000 in bonds in May 2007 for the purpose of paying Morgan Stanley Capital Group in advance for natural gas to be delivered to NCGA and then sold to SMUD pursuant to a long-term purchase contract. SMUD’s obligation under the purchase contract is limited to payment for gas supplies delivered by NCGA. SMUD’s payments under the purchase contract are payable from revenues of SMUD’s Electric System prior to the payment of principal and interest on the Senior Bonds and the Subordinated Bonds as either “Maintenance and Operation Costs” or “Energy Payments” under the Senior Resolution and the Subordinate Resolution. SMUD is not obligated to make any payments in respect of debt service on the NCGA bonds. As of March 31, 2025, related bonds in the aggregate principal amount of \$94,540,000 remain outstanding.

SMUD and Sacramento Municipal Utility District Financing Authority formed NCEA as a joint powers authority. NCEA is treated as a component unit of SMUD for accounting purposes. NCEA issued \$689,700,000 in bonds on April 5, 2024, for the purpose of (i) refunding prior bonds issued by NCEA, the proceeds of which were used to pay J. Aron & Company LLC in advance for natural gas or electricity to be delivered to NCEA and then sold to SMUD pursuant to a long-term purchase contract and (ii) to pay Aron Energy Prepay 33 LLC for additional natural gas or electricity to be delivered to NCEA and then sold to SMUD pursuant to the same long-term purchase contract. SMUD’s obligation under the purchase contract is limited to payment for gas or electricity supplies delivered by NCEA. SMUD’s payments under the purchase contract are payable from revenues of SMUD’s Electric System prior to the payment of principal and interest on the Senior Bonds and the Subordinated Bonds as either “Maintenance and Operation Costs” or “Energy Payments” under the Senior Resolution and the Subordinate Resolution. SMUD is not obligated to make any payments in respect of debt service on the NCEA bonds. As of the date hereof, all of the related bonds remain outstanding.

**Interest Rate Swap Agreements.** SMUD has an interest rate swap agreement relating to currently outstanding Subordinated Bonds, as shown in the following table. For more information, see Note 9 (Derivative Financial Instruments) to SMUD’s consolidated financial statements.

Effective Date	Termination Date	SMUD Pays	SMUD Receives	Notional Amount (000's)	Counterparty
07/12/2023	08/15/2041	Fixed	70% of 1M SOFR	132,020	Barclays Bank



The obligations of SMUD under the swap agreement are not secured by a pledge of revenues of SMUD's electric system or any other property of SMUD. SMUD does not currently have any collateral posting requirements with respect to the interest rate swap agreement, but SMUD may be required to post collateral under certain circumstances.

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**Debt Service Requirements.** The following table sets forth SMUD’s debt service requirements with respect to SMUD’s Senior Bonds and Subordinated Bonds.

**DEBT SERVICE REQUIREMENTS<sup>(1)</sup>**

<b>Calendar Year</b>	<b>Senior Bonds Debt Service<sup>(2)</sup></b>	<b>Subordinated Bonds Debt Service<sup>(3)</sup></b>	<b>Total Debt Service</b>
2025	\$ 183,358,188	\$ 11,780,665	\$ 195,138,852
2026	183,456,788	8,447,772	191,904,559
2027	183,543,538	8,947,772	192,491,309
2028	183,654,538	8,948,211	192,602,749
2029	129,578,900	8,947,332	138,526,232
2030	139,939,150	9,781,105	149,720,255
2031	142,962,400	6,447,772	149,410,172
2032	144,002,650	6,948,211	150,950,861
2033	145,117,900	6,947,332	152,065,232
2034	141,052,400	18,587,534	159,639,934
2035	143,121,550	18,159,537	161,281,087
2036	145,280,050	17,729,456	163,009,506
2037	99,689,800	25,303,354	124,993,154
2038	99,332,050	25,618,890	124,950,940
2039	95,983,550	25,935,859	121,919,409
2040	95,777,550	26,254,804	122,032,354
2041	100,623,550	26,889,177	127,512,727
2042	70,548,850	28,490,000	99,038,850
2043	70,339,650	28,490,300	98,829,950
2044	70,135,250	28,490,350	98,625,600
2045	69,926,700	28,494,550	98,421,250
2046	64,515,250	28,492,150	93,007,400
2047	64,516,000	28,492,700	93,008,700
2048	64,522,500	28,490,450	93,012,950
2049	64,518,750	28,489,800	93,008,550
2050	64,519,250	--	64,519,250
2051	39,127,500	--	39,127,500
2052	39,126,500	--	39,126,500
2053	39,128,250	--	39,128,250
2054	21,388,500	--	21,388,500
<b>Total</b>	<b>\$3,098,787,500</b>	<b>\$489,605,082</b>	<b>\$3,588,392,582</b>

<sup>(1)</sup> Does not include bonds issued by NCGA, NCEA or SMUD’s portion of bonds issued by TANC. Payments by SMUD which are used by NCGA, NCEA, and TANC to pay debt service on such bonds constitute either “Maintenance and Operation Costs” or “Energy Payments” under the Senior Resolution and the Subordinate Resolution.

<sup>(2)</sup> Does not include debt service for the Senior Bonds anticipated to be issued as part of the plan of finance described in the forepart of this Official Statement.

<sup>(3)</sup> Does not include debt service for the Subordinated Bonds anticipated to be issued as part of the plan of finance described in the forepart of this Official Statement and does not reflect the refunding of the Subordinated Bonds anticipated to be refunded as part of the plan of finance described in the forepart of this Official Statement. Based on an assumed interest rate of 3% per annum following (i) the initial scheduled Mandatory Purchase Date of October 15, 2030 for SMUD’s Subordinated Electric Revenue Refunding Bonds, 2023 Series D and (ii) the initial scheduled Mandatory Purchase Date of October 15, 2025 for SMUD’s Subordinated Electric Revenue Bonds, 2019 Series B.

Note: Amounts may not add due to rounding.



## **INSURANCE**

SMUD maintains a comprehensive property/casualty insurance program designed to protect against catastrophic losses that would have an adverse effect on its financial position or operational capabilities. Insurance programs are continuously reviewed and modified when construction, operational exposures, or developments in the insurance industry so warrant. Long term relationships with a variety of insurers minimize SMUD's susceptibility to the effects of market cycles.

SMUD safeguards assets with all-risk property and boiler/machinery insurance with limits of \$800 million per occurrence for physical damage and business interruption combined. Various coverage sublimits and deductibles apply to losses arising from certain perils, such as business interruption, earthquake, or flood, respectively. Liability insurance is in effect to defend and indemnify SMUD against third party claims, including general, automobile and sudden and accidental pollution claims with policy limits of \$140 million, and wildfire coverage with policy limits of \$290 million, all of which include a variety of self-insured retentions.

Nuclear property and liability insurance policies are maintained in accordance with the NRC's requirements for decommissioned nuclear plants that maintain dry storage of spent fuel on-site. This includes \$100 million in first party property damage and decontamination, \$100 million for nuclear liability arising from accidents on-site, \$200 million for supplier's and transporter's nuclear liability, and \$300 million for nuclear worker liability. SMUD is exposed to possible retrospective assessments for nuclear property events occurring at other nuclear facilities in the United States capped at ten times SMUD's annual nuclear property premium (currently the maximum retrospective assessment is approximately \$1,000,000).

Other types of insurance include non-owned aircraft liability, workers' compensation, crime, cyber security, fidelity, fiduciary liability, directors' and officers' liability, professional errors and omissions, transportation, and builder's risk for major facilities under construction.

## **LEGAL PROCEEDINGS**

SMUD is a party to numerous actions arising out of the conduct of its business and affairs, some of which are discussed below. SMUD believes that any losses or adverse financial results it may suffer in these current actions, to the extent not covered by insurance, would not, in the aggregate, have an adverse material impact on SMUD, its business and affairs, or results of operations, financial position or liquidity.

### **Environmental Litigation**

SMUD was one of many potentially responsible parties that had been named in a number of actions relating to environmental claims and/or complaints. SMUD has resolved these environmental claims and/or complaints and entered into settlement agreements and/or consent orders. These settlement agreements and consent orders have statutory reopener provisions which allow regulatory agencies to seek additional funds for environmental remediation under certain limited circumstances. While SMUD believes it is unlikely that any of the prior settlements or consent orders will be reopened, the possibility exists. If any of the settlements or consent orders were to be reopened, SMUD believes that the outcome will not have a material adverse impact on SMUD's financial position, liquidity, or results of operations.

### **Proposition 26 Lawsuit**

On January 19, 2024, two SMUD residential customers jointly filed a complaint against SMUD which stated that SMUD's Board violated Proposition 26 (see "DEVELOPMENTS IN THE ENERGY MARKETS – State Legislation and Regulatory Proceedings – Proposition 26" for a description of



Proposition 26) when on September 21, 2023, it adopted rate increases for 2024 and 2025. The plaintiffs contended the rate increases did not reflect SMUD's reasonable cost of service because they included a 9.2% scalar that SMUD applied to its TOD residential rate restructure adopted by SMUD's Board in the 2017 rate process. SMUD viewed the lawsuit as having little merit and while SMUD anticipated the court would rule in SMUD's favor on substantive grounds, the court ultimately dismissed the case in February 2025 for plaintiffs' failure to comply with the statutory service and publication requirements.

### **Other Litigation Matters**

Currently, SMUD is party to various claims, legal actions and complaints relating to its operations, including, but not limited to, property damage, personal injury, contract disputes, and employment matters. SMUD believes that the ultimate resolution of these matters will not have a material adverse effect on SMUD's financial position, liquidity, or results of operations.

### **FERC Administrative Proceedings**

SMUD is involved in a number of FERC administrative proceedings related to the operation of wholesale energy markets, regional transmission planning, gas transportation and NERC reliability standards. These proceedings generally fall into the following categories: (i) filings initiated by the CAISO (or other market participants) to adopt/modify the CAISO Tariff and/or establish market design and behavior rules; (ii) filings initiated by existing transmission owners (i.e., PG&E and the other IOUs) to pass-through costs to their existing wholesale transmission customers; (iii) filings initiated by FERC on market participants to establish market design and behavior rules or investigate market behavior by certain market participants; (iv) filings initiated by transmission owners under their transmission owner tariffs to establish a regional transmission planning process; (v) filings initiated by providers of firm gas transportation services under the Natural Gas Act; and (vi) filings initiated by NERC to develop reliability standards applicable to owners, users, and operators of the bulk electric system. In addition, SMUD is an active participant in other FERC administrative proceedings, including those related to reliability, variable resource integration and the changing resource mix, and transmission planning and cost allocation. SMUD believes that determinations of these FERC proceedings will not have a material adverse effect on SMUD's financial position, liquidity or results of operations.

### **CPUC Administrative Proceedings**

Periodically, PG&E seeks to update its gas transmission and storage ("GT&S") revenue requirements and rate designs. These applications are litigated at the CPUC and affect SMUD through several tariff rates SMUD pays to move natural gas along PG&E's backbone transmission lines. In the 2019 GT&S rate case (the "2019 GT&S Case"), the CPUC affirmed the application in GT&S rates of cost causation principles to prevent excessive and unreasonable costs being shifted to electric generator backbone customers like SMUD, either through proposed changes in PG&E's natural gas storage strategy or through cost shifts within the electric generator customer class.

PG&E filed its 2023 General Rate Case (the "GRC") in June 2021 which includes its gas transmission and storage revenue requirements. In September 2021, PG&E filed an application for approval of its Gas Cost Allocation and Rate Design Proposals ("CARD"). The CPUC issued a decision in the GRC in November 2023 authorizing PG&E's revenue requirements for the four-year rate period of 2023-2026. SMUD is a party to the comprehensive all-party settlement agreement submitted to the CPUC for approval in June 2023, which resolved all open issues in the CARD proceeding, and the CPUC approved the settlement in March 2024. SMUD does not believe that determinations of these CPUC proceedings will have a material adverse effect on SMUD's financial position, liquidity or results of operations. SMUD will



continue to actively participate in PG&E's future GRC and CARD proceedings to ensure that costs are fairly allocated to non-core customers, including electric generator backbone customers.

Separately, SMUD continues to participate and monitor additional proceedings at the CPUC concerning long-term gas system planning. At this point in these proceedings, SMUD does not anticipate that the ultimate resolution of such cases will have a material adverse effect on SMUD's financial position, liquidity, or results of operation.

SMUD monitors a number of other CPUC proceedings. These proceedings generally fall into the following categories: (i) filings initiated by PG&E to adopt/modify its tariffs and/or rules; (ii) rulemakings initiated by the CPUC to establish market design and behavior rules or program rules affecting SMUD customers; and (iii) rulemakings initiated by the CPUC to establish electric and/or gas system safety design and maintenance rules. SMUD believes that determinations of these CPUC proceedings will not have a material adverse effect on SMUD's financial position, liquidity or results of operations.

## **DEVELOPMENTS IN THE ENERGY SECTOR**

### **California Electric Market**

In 1996, the State partially deregulated its electric energy market and the CAISO was established in 1998. Since the CAISO's formation, the State has experienced episodes of higher and more volatile prices for natural gas and wholesale electricity. In reaction to such conditions, SMUD made significant changes to its business strategy to mitigate the impacts of the more volatile and unpredictable energy markets. Volatility in energy prices in the State are always a potential risk due to a variety of factors which affect both the supply and demand for electricity in the western United States. These factors include, but are not limited to, the implementation of the CAISO market design changes, insufficient generation resources, the increase in intermittent renewable energy resources, natural gas price volatility, fuel costs and availability, weather and natural disasters, transmission constraints and levels of hydroelectric generation within the region. While SMUD has taken a number of steps to mitigate its exposure to price volatility associated with these factors, this price volatility under extreme conditions may contribute to greater volatility in SMUD's net revenues from the purchase and sale of electric energy and, therefore, could materially adversely affect the financial condition and liquidity of SMUD. For a discussion of SMUD's current resource planning activities and risk management strategies, see "BUSINESS STRATEGY" above.

### **Cybersecurity**

Cybersecurity continues to be a top priority for SMUD. Attacks or threats directed at critical electric or energy sector operations could damage or cause the shut-down of generation, transmission or distribution assets that are essential to SMUD's ability to serve its customers, cause operational malfunctions and outages affecting SMUD's electric system, and result in costly recovery and remediation efforts. The costs of security measures or of remedying breaches could be material.

SMUD participates in sharing and receiving information about cyber security threats in real-time through the Electricity Information Sharing and Analysis Center ("E-ISAC"), the central hub for such data to actively manage risk related to potential cyber intrusion. SMUD also participates in NERC's development of mandatory, enforceable cyber security standards to address vulnerabilities in electric utility systems. SMUD also adopts voluntary measures suggested as best practices by the National Institute of Standards and Technology ("NIST") in its national framework.



SMUD's prudent response to this ever-changing threat requires constant monitoring and frequent updates to implement new regulatory requirements as they are developed. SMUD manages risk related to frequently changing regulatory requirements by participating in the development of standards at NERC and NIST and through active engagement in the cyber security policy dialogue in Congress.

## **Physical Security**

Physical security is a critical concern for electric utilities as they seek to protect their infrastructure from a range of threats. The electric utility infrastructure is complex and consists of multiple components, such as power plants, substations, transmission and distribution lines, and other facilities. SMUD employs a dedicated physical security team that is deployed 24/7 and allows SMUD to respond to emergent events in a safe, coordinated, efficient, and cohesive manner, protecting the lives of its employees, customers, community, properties and assets. SMUD has policies, processes and procedures in place that outline the access controls and restrictions for its properties. SMUD restricts access based on need as it determines, while adhering to applicable laws, regulations and standards such as NERC Reliability Standards and NRC regulations. SMUD also maintains a Utility Security Plan adopted by the Board representing SMUD's compliance with the CPUC's Safety and Enforcement Division six-step security plan process described in CPUC Decision 19-01-018.

During times of elevated, imminent threats, safety and/or security concerns, SMUD's Security Operations team, under the direction of the Chief Diversity Officer or delegate, reserves the right to deploy additional security measures, controls, and further restrict or limit access to its properties to increase its security posture.

SMUD operates a 24/7 security operations center which monitors and coordinates responses to situations reported by internal and external stakeholders, or which are detected by SMUD's security technology. The technology includes access control, video surveillance, and various types of intrusion detection solutions. The security operations center is a central hub for initial contact for physical security calls from employees of suspicious events and initiates incident responses as needed.

## **Federal Legislation and Regulatory Proceedings**

***Energy Policy Act of 2005.*** On August 8, 2005, the Energy Policy Act of 2005 (the "EPAAct of 2005") was signed into law. The law includes a number of energy-related provisions, including among other things limited FERC jurisdiction over interstate transmission assets of municipal utilities, cooperatives and federal utilities to order these entities to provide transmission services on rates and terms comparable to those the entities charge and provide to themselves; the grant of authority to FERC to establish and certify an electric reliability organization to develop and enforce reliability standards for users of the bulk power transmission system; and prohibitions of certain market practices including the provision of false information and related expansion of FERC civil and criminal penalty authority. So far, the most visible impact of the EPAAct of 2005 on SMUD has been the development of mandatory federal reliability standards.

***Federal Regulation of Transmission Access.*** The Energy Policy Act of 1992 (the "Energy Policy Act") made fundamental changes in the federal regulation of the electric utility industry, particularly in the area of transmission access. The Energy Policy Act provided FERC with the authority to require a transmitting utility to provide transmission services at rates, charges, terms and conditions set by FERC. The purpose of these changes, in part, was to bring about increased competition in the electric utility industry. Under the Energy Policy Act, electric utilities owned by municipalities and other public agencies which own or operate electric power transmission facilities which are used for the sale of electric energy at wholesale are "transmitting utilities" subject to the requirements of the Energy Policy Act.



Since the Energy Policy Act, FERC has adopted a series of rules to implement competitive open access to transmission facilities and regional transmission planning. Order No. 888, issued in 1996, requires the provision of open access transmission services on a nondiscriminatory basis by all “jurisdictional utilities” (which, by definition, does not include municipal entities like SMUD) by requiring all such utilities to file OATTs. Order No. 888 also requires “nonjurisdictional utilities” (which, by definition, does include SMUD) that purchase transmission services from a jurisdictional utility under an open access tariff and that owns or controls transmission facilities to provide open access service to the jurisdictional utility under terms that are comparable to the service that the nonjurisdictional utility provides itself. Section 211A of the EAct of 2005 authorizes, but does not require, FERC to order unregulated transmission utilities to provide transmission services, including rates and terms and conditions, that are comparable to those under which the unregulated transmitting utility provides transmission services to itself that are not unduly discriminatory or preferential – often referred to as the reciprocity rule.

In Order 890, issued in 2007, FERC stated that it will implement its authority under Section 211A on a case-by-case basis and retain the current provisions.

In 2011, FERC issued Order 1000, which among other things requires public utility (jurisdictional) transmission providers to participate in a regional transmission planning process that produces a regional transmission plan and that incorporates a regional and inter-regional cost allocation methodology. Similar to Order 890, FERC states that it will implement its authority under Section 211A on a case-by-case basis. However, in Order 1000, FERC appears to expand upon the current reciprocity provisions and states that it has the authority to allocate costs to beneficiaries of services provided by specific transmission facilities even in the absence of a contractual relationship between the owner of the transmission facilities and the identified beneficiary.

SMUD, individually, and through the Large Public Power Council (“LPPC”), appealed Order 1000, but in 2014 the D.C. Circuit Court of Appeals rejected all of the arguments raised on appeal, upholding the entirety of Order 1000.

The jurisdictional members of WestConnect filed their proposed regional planning process and cost allocation methodology through a series of compliance filings at FERC. FERC accepted binding cost allocation for jurisdictional transmission providers of WestConnect and mandated that non-jurisdictional transmission providers (such as SMUD) identified as beneficiaries of a project have the ability to not accept the cost allocation. WestConnect’s Order 1000 planning process began with the 2016-2017 planning cycle.

However, in response to FERC’s WestConnect orders on compliance, El Paso Electric Company (“El Paso”), a jurisdictional transmission provider, petitioned to the Court of Appeals for the 5th Circuit. El Paso contends that FERC’s WestConnect orders violate Order 1000’s cost causation principle because WestConnect’s binding cost allocation applies only to the jurisdictional transmission providers and thus forces jurisdictional transmission providers to subsidize projects benefitting non-jurisdictional transmission providers that opt-out of projects. On August 2, 2023, the court reversed FERC’s orders implementing Order No. 1000 for WestConnect concerning cost allocation of regional transmission projects to non-jurisdictional transmission providers. The court found that the WestConnect orders are incompatible with Order No. 1000’s application of the cost causation principle to address free ridership. On October 17, 2024, FERC issued an order on remand, requiring the jurisdictional transmission providers to submit compliance filings that remove the non-jurisdictional transmission provider opt-out framework from their respective OATTs. The filings were submitted on December 16, 2024, and FERC accepted the filings on April 24, 2025. Accordingly, the non-jurisdictional transmission providers may no longer participate in WestConnect’s regional planning process unless they enroll in binding cost allocation. The non-jurisdictional transmission providers are assessing options, but none have currently enrolled in the region. SMUD’s long-standing objective is to comply with open access requirements necessary to achieve



reciprocity, including through participation in a regional planning process while not binding itself to mandatory cost allocation. Thus, SMUD has an interest in continuing to explore options for participation in a regional transmission planning process which could include forming a separate region, joining another region (e.g. NorthernGrid), or developing an alternative non-jurisdictional framework within WestConnect that would pass FERC cost-allocation muster while at the same time maintaining its business and jurisdictional interests.

On April 21, 2022, FERC issued a Notice of Proposed Rulemaking on Building for the Future Through Electric Regional Transmission Planning and Cost Allocation and Generator Interconnection (the “NOPR”). The NOPR sought input on proposals that would impact the regional transmission planning and cost allocation process. SMUD engaged in the proceeding, providing input and helping draft comments with trade organizations, including LPPC. On May 13, 2024, FERC issued Order 1920 which requires transmission providers through regional planning entities (e.g. WestConnect) plan for transmission needs over a 20-year horizon, considering certain factors and benefits. The new long-term regional transmission planning (LTRTP) process is added to the existing Order 1000 planning requirements. Importantly, Order 1920 contains cost containment protocols that require “right sizing” transmission facilities and re-evaluation of projects in the event of delays or cost overruns. Given FERC’s April 24, 2025, order regarding regional planning participation of non-jurisdictional transmission providers in WestConnect, the non-jurisdictional transmission providers have not participated in the WestConnect efforts to develop its LTRTP process. However, SMUD will continue to monitor and be engaged in any developments at FERC that impact Orders 1000 and 1920 processes and its regional transmission planning participation.

SMUD is unable to predict at this time the full impact that Orders 1000 and 1920 will have on the operations and finances of SMUD’s electric system. SMUD will continue to take any action necessary, including withdrawing from a cost allocation determination or planning region, and engaging in FERC proceedings, to ensure that it is not required to pay for transmission costs in the absence of an agreement or service relationship.

***NERC Reliability Standards.*** The EAct of 2005 required FERC to certify an electric reliability organization (“ERO”) to develop mandatory and enforceable reliability standards, subject to FERC review and approval. On February 3, 2006, FERC issued Order 672, which certified NERC as the ERO. Many reliability standards have since been approved by FERC, including those aimed at protecting the bulk electric system from physical and cyber threats.

The ERO or the regional entities, such as WECC, may enforce the reliability standards, subject to FERC oversight or FERC may independently enforce reliability standards. Potential monetary sanctions include fines of up to \$1,584,648 per violation per day. Order 693 provides ERO and regional entities with the discretion necessary to assess penalties for such violations, while also having discretion to calculate a penalty without collecting the penalty if circumstances warrant.

***Anti-Market Manipulation Rules.*** EAct of 2005 gave FERC the authority to issue rules to prevent market manipulation in jurisdictional wholesale power and gas markets, and in jurisdictional transmission and transportation services. These anti-market manipulation rules apply to non-jurisdictional entities such as SMUD. Further, EAct of 2005 provided FERC civil penalty authority, which the Commission has stated that it will exercise carefully by assuring that its market manipulation rules are clear.

***Greenhouse Gas Emissions.*** Since 2009, the United States Environmental Protection Agency (the “EPA”) has taken steps to regulate GHG emissions from different sources, including the electric sector.

In 2014, EPA issued a proposed rule under section 111(d) of the Clean Air Act (“CAA”) called the Clean Power Plan (the “CPP”) that projected power sector emissions reductions of 30% below 2005 levels



by 2030. The proposed CPP would have established a rate-based emissions goal for each state, providing states the responsibility to develop a State Implementation Plan (“SIP”) describing how each will meet the goal assigned by EPA using the “Best System of Emissions Reduction” (“BSER”) established by EPA. The rule was finalized in October 2015.

In November 2015, 27 states and numerous corporations challenged the CPP in court, alleging that EPA had exceeded its authority under the CAA; however, before the issue could be decided by the court, the 2016 presidential election resulted in a change of administration. The new administration quickly moved for an abeyance (or stay) of the case for as long as the agency needed to review and withdraw the CPP. The U.S. Supreme Court stayed implementation of the CPP pending disposition in the D.C. Circuit and any subsequent review by the Supreme Court. In August 2018, EPA proceeded to withdraw the CPP and the D.C. Circuit ultimately dismissed the case on September 17, 2019. EPA proposed a different rule under the same provision of the CAA, known as the Affordable Clean Energy (“ACE”) rule, which would have established a BSER that only includes measures that can be undertaken at an individual power plant, rather than the broader suite of measures envisioned under the CPP. The ACE rule was challenged in court by environmental groups and states alleging that the revised rule inadequately responds to EPA’s responsibility to protect public health and welfare. SMUD joined in this litigation along with other challengers. The D.C. Circuit vacated the ACE rule on January 19, 2021, and remanded it to the EPA for review and revision, just days before a new presidential administration took office. Several states led by West Virginia and coal industry members appealed the decision.

In June 2022, the U.S. Supreme Court issued its opinion in *West Virginia v. EPA*, striking down the CPP and foreclosing any future regulations of “significant political and economic significance” if Congress has not expressly authorized them. While the decision does not restrict EPA to only requiring measures “inside the fence line” at an individual power plant to control GHGs, it appears unlikely that the EPA will be able to require material reductions in GHGs to mitigate climate change through section 111(d) of the CAA.

Under the Biden administration, in May 2023, the EPA issued a proposed rule under Section 111(d) of the CAA to reduce GHG emissions from existing and new power plants. The four-part proposed rule, *New Source Performance Standards for Greenhouse Gas Emissions From New, Modified, and Reconstructed Fossil Fuel-Fired Electric Generating Units; Emission Guidelines for Greenhouse Gas Emissions From Existing Fossil Fuel-Fired Electric Generating Units; and Repeal of the Affordable Clean Energy Rule*, would set forth GHG emission standards for certain subcategories of new and existing fossil fuel-fired power plants operating greater than 50% of the time and generating more than 300 MW per turbine. In the proposed rule, EPA determined the BSER is either deploying carbon capture and storage technology to capture 90% of emissions or co-firing 96% hydrogen produced through a low-emission process (“low-GHG hydrogen”). If finalized, compliance would have been required by 2032. SMUD filed comments as part of several trade groups and coalitions in response to the proposed rule, but SMUD’s internal analysis showed the rule as proposed would not require changes at any of its currently-operating fossil-fueled power plants and therefore would not have had a material impact on SMUD’s financial position, operations, or liquidity. The final rule issued by EPA in March 2024 significantly modified the proposal by reducing subcategories for coal-fired units, extending compliance dates for CCS implementation, removing hydrogen co-firing as a BSER option, and introducing reliability-focused provisions. Additionally, EPA did not finalize emission requirements for fossil fuel-fired stationary combustion turbines.

Most recently, under current Trump administration in March 2025, EPA initiated a substantial reevaluation and potential reversal of the foundational 2009 Endangerment Finding, a cornerstone of GHG emissions regulation under the CAA. The administration argues that advancements in scientific research and significant economic considerations necessitate this reassessment. The process involves public



consultation and faces strong legal resistance, particularly from environmental groups and states supportive of existing regulatory frameworks. Should this reversal proceed, it would fundamentally undermine EPA's regulatory authority over carbon emissions, impacting multiple sectors, particularly the energy industry. Utilities, including SMUD, could see increased risks from litigation related to emissions, previously shielded by federal regulatory frameworks.

The EPA has also proposed eliminating long-standing GHG reporting requirements for industrial facilities, a move that could diminish transparency and limit comprehensive emissions data crucial for informed policy and investment decisions. Moreover, the current administration is revisiting vehicle emission standards, potentially scaling back stringent GHG emissions targets for new vehicle model years. Such actions could significantly alter national emission trajectories and impact related state regulatory efforts, notably in states like California with aggressive vehicle emissions targets.

While SMUD's immediate operations and financial status may remain largely unaffected directly by these federal regulatory shifts, the broader implications of deregulation pose potential indirect effects through market shifts, evolving state-level policies, and future regulatory scenarios. SMUD remains proactive in monitoring these developments closely, ensuring strategic adaptability and financial resilience amid evolving regulatory landscapes.

***Federal Communications Commission.*** The 1978 Pole Attachment Act added section 224 to the Communications Act of 1934, authorizing the Federal Communications Commission ("FCC") to regulate attachments by cable television systems or providers of telecommunications service to utility poles, ducts, conduits, and rights-of-way. Under Section 224(a)(1), public power entities are exempt from FCC pole attachment regulations, as municipally-owned poles are already subject to local decision-making processes and governance. The municipal exemption from FCC pole attachment regulations was further codified through the enactment of the Telecommunications Act of 1996. However, over the past decade, this exemption has been continuously eroded.

Various actions by the FCC have limited the exemption in support of a "uniform policy for broadband access to privately-owned physical infrastructure." Through four orders issued between 2017 and 2018, the FCC set strict time limits for the review of pole attachment applications and preempted state and local agreements on pole attachments. In 2020, in *City of Portland v United States*, the U.S. Court of Appeals for the Ninth Circuit upheld the FCC's Small Cell Order, which adopted new time limits for municipal utilities' review of wireless infrastructure siting applications and preempted access fees for small cells. In November 2023, the FCC adopted its Fourth Report and Order, Declaratory Ruling, and Third Further Notice of Proposed Rulemaking that would reform pole replacement rules and facilitate the approval process for pole attachment applications, among other things.

SMUD is unable to predict whether any new FCC rulemakings will impact the operations and finances of SMUD's electric system. SMUD will monitor these proceeding for any potential impact to SMUD.

***Federal Clean Energy Legislation.*** SMUD actively participates in discussion at the federal level regarding legislation that would meaningfully impact SMUD's existing GHG reduction strategies or impose new requirements for electric generators, including a proposed federal clean energy standard. In the 117th Congress, a clean electricity performance program was considered but ultimately lacked support to pass. Instead, Congress extended and expanded clean energy tax credits and created new grant and rebate programs to incentivize clean energy investments in the Inflation Reduction Act of 2022. While it is possible that a future Congress may revisit the concept of a clean energy standard or other GHG reduction regime, it is possible that the passage of the Inflation Reduction Act will diminish the likelihood of a new regulatory framework being enacted in the near future.



SMUD is unable to predict whether any new EPA rulemakings will be undertaken, and what the full impact of the reduction of fossil-based generation over time will have on the operations and finances of SMUD's electric system or the electric utility industry generally.

***Federal Tax Policy Legislation.*** With the 2017 Tax Cuts and Jobs Act (the "TCJA") set to expire at the end of 2025, Congress is negotiating a budget reconciliation package to extend a majority of the TCJA provisions. The House FY25 budget resolution allows Congress to pass a reconciliation package with up to \$4.5 trillion in tax cuts. Among the menu of potential reconciliation package revenue raisers include the repeal of the Inflation Reduction Act's \$369 billion in energy tax credits and climate investments and the elimination of the tax exemption for municipal bonds, which would raise \$250 billion over 10 years.

SMUD is unable to predict the full impact the tax policy legislation will have on the business operations and financial condition of SMUD's electric system. Under the Inflation Reduction Act, SMUD may receive refundable direct payments of the investment and production energy tax credits, resulting in hundreds of millions of dollars in direct payments for infrastructure projects pursued by SMUD. In addition, SMUD has entered into several power purchase agreements that utilize energy tax credits for project financing, reducing the overall cost of the energy investment. Any future legislation that changes the value of energy tax credits may impact the final cost of these contracts.

SMUD will continue to monitor and engage in any developments in Congress on the reconciliation package and its impact to SMUD's ability to claim energy tax credits and issue tax exempt bonds.

### **State Legislation and Regulatory Proceedings**

A number of bills affecting the electric utility industry have been enacted by the State Legislature. In general, these bills provide for reduced GHG emission standards and greater investment in energy efficient and environmentally friendly generation alternatives through more stringent RPS. Additionally, ongoing regulatory proceedings address the implementation of these bills as well as water flow and quality issues related to the Sacramento – San Joaquin River Delta. The following is a brief summary of these bills and regulatory proceedings.

***Greenhouse Gas Emissions.*** On September 27, 2006, the Governor of the State signed into law AB 32, the Global Warming Solutions Act of 2006 ("AB 32"). AB 32 requires the California Air Resources Board ("CARB") to adopt enforceable GHG emission limits and emission reduction measures in order to reduce GHG emissions to 1990 levels by 2020. In addition, AB 32 establishes a mandatory reporting program for all IOUs, local, publicly-owned electric utilities and other load-serving entities (electric utilities providing energy to end-use customers) ("LSEs"). The AB 32 reporting program allows CARB to adopt regulations using market-based compliance mechanisms such as a "cap-and-trade" system.

On December 16, 2010, CARB approved a resolution adopting cap-and-trade regulations for the State. The regulations became effective on January 1, 2012. As adopted, the cap-and-trade program covers sources accounting for 85% of the State's GHG emissions, the largest program of its type in the United States. In November of 2012, CARB conducted its first allowance auction and auctions now occur on a quarterly schedule.

The cap-and-trade program introduced a hard emissions cap that declines over time on the combined electric utility and large industrial sectors, covering all sources emitting more than 25,000 metric tons of carbon dioxide-equivalent greenhouse gases ("CO<sub>2</sub>e") per year, and was subsequently expanded to cover distributors of transportation, natural gas, and other fossil fuels. The cap-and-trade program requires covered entities to retire compliance instruments (allowances and carbon offsets) for each metric ton of CO<sub>2</sub>e they emit. CARB has allocated free allowances to LSEs to mitigate the compliance cost burden on



ratepayers. The value of allowances must be used to benefit ratepayers and achieve GHG emission reductions. The cap-and-trade program also allows covered entities to use offset credits for compliance purposes (not exceeding 8% of a regulated entity's compliance obligation through 2020, 4% from 2021 through 2025, and 6% from 2026 through 2030). Offsets must be obtained from certified projects in sectors that are not regulated under the cap-and-trade program and are subject to other restrictions.

The State's cap-and-trade program was briefly linked to companion program in the Canadian province of Ontario during 2018 but was de-linked following a political change. In 2021, the Washington state legislature passed a cap-and-trade bill, which is expected to interact with the State's markets. Future potential near-term links to the CARB cap-and-trade program also include the states of Oregon, which has adopted a cap-and-trade program, and New Mexico, which is considering the adoption of a cap-and-trade program.

On October 7, 2015, SB 350 was enacted, containing aggressive goals for reducing carbon emissions by 2030, including raising the proportion of renewable energy to 50%, reducing the use of petroleum fuel in cars and trucks by up to 50%, and doubling the energy efficiency of existing buildings. See "BUSINESS STRATEGY – Sustainable Power Supply and Transmission – *Renewable Energy and Climate Change*" for additional information. In addition, SB 350 established requirements for larger POUs to adopt and file with the CEC Integrated Resource Plans ("IRPs") by April 2019 that would show planned procurement to achieve the 50% RPS and State GHG goals established by CARB. The CEC developed "guidelines" for these IRPs for POUs in 2017, updated them in 2018, and proposed additional updates in 2022. CARB established specific GHG target ranges for these IRPs in summer 2018, which were revised in 2023 following the adoption of CARB's 2022 Scoping Plan. SMUD developed and adopted an IRP in 2018 through a comprehensive public process and filed the adopted IRP with the CEC in April 2019. SMUD adopted an updated IRP in June 2022 and filed the updated IRP with the CEC in September 2022. In August 2024, the CEC approved SMUD's IRP as consistent with the applicable requirements. SMUD's updated IRP plans for a greater than 92% reduction in GHG emissions by 2030 relative to 1990 levels, which equals approximately 250,000 metric tons of GHG emissions in 2030. See "BUSINESS STRATEGY – Sustainable Power Supply and Transmission – *Renewable Energy and Climate Change*."

On April 29, 2015, the Governor of the State signed Executive Order B-30-15, establishing a goal for the State to reduce GHG emissions to 40% below 1990 levels by 2030. In 2016, the State Legislature passed Senate Bill 32 ("SB 32"), which codified then-Governor Brown's goal of reducing the State's GHG emissions to 40% below 1990 levels by 2030. In 2017, the State Legislature passed Assembly Bill 398 ("AB 398"), explicitly authorizing the continuation of the cap-and-trade program, with designated changes, through 2030. Subsequently, CARB adopted an initial set of regulatory changes extending the cap-and-trade program, including establishing utility sector allowance allocations through 2030. In 2018, CARB completed a rulemaking to implement the cap-and-trade program changes designated by AB 398. These changes include development of a hard price ceiling for the cap-and-trade program and two price-containment points below that ceiling, in an attempt to ensure stable prices in the program. CARB adopted final regulations on December 13, 2018.

CARB announced it plans to initiate a formal rulemaking this year to amend the cap-and-trade program regulations to, among other things, align the program with the 2022 Scoping Plan and the state's updated emissions reduction and carbon neutrality goals. CARB has indicated that it plans to reduce allowance budgets through 2030 in order to increase the program's stringency. It is likely that allowances allocated to electric utilities, like SMUD, for ratepayer protections will be reduced. Similarly, CARB has indicated it is considering adding further restrictions regarding the use of allocated allowance value. These changes have the potential to materially impact SMUD, but CARB's proposal is still pending.



In addition, any new projects constructed in the State, including power plants, that may cause a significant adverse impact on the environment must be analyzed under CEQA. Some State agencies have begun using CEQA in novel ways to require mitigation of “significant” GHG emissions caused, either directly or indirectly, by a project. Pursuant to Senate Bill 97 passed in 2007, CARB will assist the Governor’s Office of Planning and Research in setting thresholds of significance under CEQA of GHG impacts from new projects. This is an area of State law that is evolving and untested in the courts. However, there is a risk that any project proponent of an electric system infrastructure project might have to mitigate such potential impacts to a level of less than significant.

On December 3, 2012, the Superior Court issued a ruling in *Cleveland National Forest Foundation v. San Diego Association of Governments* (“SANDAG”), Case No. 2100-00101593, that sided with the State Attorney General and the other petitioners stating that SANDAG did not follow CEQA when it adopted a \$257 billion regional transportation plan in 2011. The ruling expressly invalidated the certification of the Environmental Impact Report (“EIR”) on the grounds that the EIR should have analyzed the plan’s consistency with the governor’s policy goal to reduce GHG emissions by 80% by 2050 as articulated in the 2005 Executive Order S-03-05. On November 24, 2014, the Fourth Appellate District upheld the trial court in a published decision, and SANDAG appealed to the State Supreme Court. On July 13, 2017, the Supreme Court reversed and held that SANDAG’s decision not to adopt the 2050 goal was not an abuse of discretion. Nevertheless, the Court articulated three clear principles for agencies to follow in their CEQA review of planning documents: 1) agencies must take seriously the significance of even small increases in GHG emissions; 2) they must consider science-based State policy guidance in their decision-making; and 3) they are required to use the best scientific information available to determine whether their planning decisions are consistent with the State’s goals. These principles will apply to SMUD in CEQA reviews of future projects.

On September 29, 2006, the Governor of the State signed into law Senate Bill 1368 (“SB 1368”), the GHG Emissions Performance Standard (“EPS”). SB 1368 limits long-term investments in baseload generation by the State’s utilities to power plants that meet an EPS jointly established by the CEC and the CPUC. The agencies have set the EPS at 1,100 pounds CO<sub>2</sub> per MWh, which is roughly half of the CO<sub>2</sub> emissions rate of a conventional coal-fired power plant. CEC regulations to implement the law for POU’s were approved by the Office of Administrative Law on October 16, 2007.

SMUD’s primary supply and demand-side resources need to meet customers’ electricity usage patterns over the next 10 years. Currently there is a ban in the State that prohibits the development of nuclear power plants until there is a permanent storage solution for spent fuel rods. With the effective ban on new coal power imports under SB 1368, natural gas-fired, combined cycle power plants would appear to be the primary viable option for fossil fuel-based baseload power plant development absent the implementation of new technologies in connection with other resource options. The reliance on a single fuel source will continue to put pressure on the natural gas market in the United States. SMUD has in place a natural gas procurement plan to mitigate natural gas volatility, see “POWER SUPPLY AND TRANSMISSION – Fuel Supply” above.

On September 16, 2022, the Governor of the State signed into law SB 1020, which creates interim climate targets under which eligible renewable energy resources and zero-carbon resources must supply 90% of all retail sales of electricity to California end-use customers by December 31, 2035, and 95% by December 31, 2040. The bill also requires each State agency to ensure that zero carbon resources and eligible renewable energy resources supply 100% of electricity procured on its behalf by December 31, 2035. SMUD provides electricity to a number of State agency buildings and will work with State agencies to comply with this requirement.



On September 16, 2022, the Governor of the State signed into law SB 905. SB 905 requires that CARB establish the “Carbon Capture, Removal, Utilization, and Storage Program” to evaluate the efficacy, safety, and viability of carbon capture, utilization, or storage (CCUS) technologies. It also requires CARB to adopt implementing regulations and protocols, create a unified state permitting application, and host a new, public database that will track the development of CCUS technologies. The protocols may, among other things, address how CCUS reduces carbon emissions for facilities employing the technology. SMUD is exploring investments in CCUS technology. CARB has not yet developed the Carbon Capture, Removal, Utilization and Storage Program or proposed draft regulations or protocols. It is not clear at this time how SB 905 will impact SMUD.

On October 7, 2023, the Governor of the State signed into law AB 1305, which requires an entity that purchases or uses voluntary carbon offsets and makes claims regarding the achievement of net zero, or other similar claims, to disclose on their website specified information. Many stakeholder groups are raising questions on if this includes RECs. Clean-up legislation could follow. It is not clear at this time whether RECs are included.

**Reliability.** On June 30, 2022, the Governor signed the 2022-23 budget, along with a number of trailer bills, which provide implementing details on the budget line items. Included in AB 205, the energy trailer bill, are a number of reliability programs.

1. CEC Distributed Electricity Backup Assets Program to incentivize the construction of cleaner and more efficient distributed energy assets that would serve as on-call emergency supply or load reduction for the state’s electrical grid during extreme events. The CEC adopted program guidelines in October 2023 and issued the first solicitation in December 2023. However, future solicitations are on hold as program funding was reduced due to budget shortfalls.
2. CEC Demand Side Grid Support Program to pay customers to reduce demand during stressed grid events. SMUD has actively engaged the CEC on the development and period revision of program guidelines.
3. DWR Strategic Reliability Reserve to secure resources for summer reliability or to preserve the option to extend the life of facilities that otherwise would retire, new temporary generators of more than five MW, new energy storage systems of at least 20 MW, generation facilities that use clean, zero-emission fuel technologies, or new zero-emission technologies that can be operational by December 31, 2026.

AB 209 (2022) required the CEC to develop recommendations about approach to determine an appropriate minimum planning reserve margin (PRM) for local POUs within the CAISO balancing area, and AB 1373 (2023) required the CEC to perform an assessment of whether each local POU exceeded, met or failed to meet its minimum PRM and specified resource adequacy requirements. These are discussed further below in “OTHER FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY – Resource Adequacy.”

**Zero-Emission Fleet Mandates.** CARB adopted the Advanced Clean Fleets (“ACF”) regulation, requiring certain medium- and heavy-duty (“MHD”) vehicle fleets to transition to zero-emission vehicles through purchase requirements or fleet composition requirements, which took effect on November 1, 2023, and was designed to apply to all publicly owned MHD fleets, larger commercially owned MHD fleets, and drayage trucks. It also accelerated a manufacturer ZEV sales requirement to 100% of all MHD truck sales by the 2036 model year. On January 13, 2025, CARB withdrew its request to the EPA for a waiver and authorization, pursuant to CAA section 209(b) and (e), respectively, for the ACF regulation, leaving only public fleets subject to enforcement of the ACF requirements.



Under the ACF Rule, public fleets like SMUD have two compliance options. The first is a zero-emission vehicle (“ZEV”) purchase requirement, under which 50% of annual MHD vehicle purchases would need to be ZEVs starting January 1, 2024, and 100% of annual MHD vehicle purchases would need to be ZEVs starting January 1, 2027. The second is an optional ZEV milestone option, under which the composition of the MHD fleet would need to meet certain ZEV percentages starting in 2025, with the entire fleet transitioned no later than 2042. The individual milestones depend on the number and category of vehicles in the fleet. Public fleets may opt into the ZEV milestone option until January 1, 2030. SMUD is currently complying with the purchase requirement option. SMUD plans to monitor ZEV market developments and currently anticipates opting into the ZEV milestone option, which may provide greater purchasing flexibility until more ZEV applications become available. It is unclear what impacts the withdrawal of CARB’s waiver will have on the production, availability, and costs of zero-emission trucks, particularly those that are specialized for utility usage.

***Transportation and Building Electrification.*** In recent years, the State has identified transportation and building electrification as key strategies to reduce greenhouse gas emissions and improve air quality and is advancing policy to support or accelerate electrification. For example, in addition to the zero-emission fleet mandates and LCFS regulation discussed herein, CARB adopted and received US EPA waivers to enforce the Advanced Clean Cars II and Advanced Clean Trucks regulations to require vehicle manufacturers to increase sales of zero-emission cars and trucks, respectively. The CEC’s Building Energy Efficiency Standards are increasingly encouraging the use of electric heat pumps in new homes and certain non-residential buildings across the state. The 2025 Energy Standards, which were adopted in September 2024, establish prescriptive heat pump requirements for both space and water heating in new homes. The 2025 Energy Standards will take effect on January 1, 2026. In addition, the State has also provided funding for programs to encourage clean transportation and building electrification.

Increases in transportation and building electrification will result in increased customer usage of electricity.

***Renewables Portfolio Standard.*** Senate Bill 100 was passed by the Legislature and approved by Governor Brown on September 10, 2018. Among other requirements, the bill sets a 50% RPS target for 2026 and sets compliance period targets at 44% by December 31, 2024, 52% by December 31, 2027, and 60% by December 31, 2030. The bill also creates a statewide planning goal to meet all of the state’s retail electricity supply with a mix of RPS-eligible and zero-carbon resources by December 31, 2045.

***Sacramento-San Joaquin River Bay-Delta Processes.*** The Sacramento-San Joaquin River Delta is an expansive inland estuary, formed at the western edge of the California Central Valley by the confluence of the Sacramento and San Joaquin rivers (“Delta”). There are two substantial Delta planning processes with the potential to affect (1) energy available for SMUD’s purchase from the Central Valley Project (“CVP”) and (2) flows within the Upper American River watershed. These processes are called the Bay-Delta Water Quality Control Plan (“Bay-Delta Plan”) and the Delta Conveyance Project.

The Bay-Delta Water Quality Control Plan is updated periodically by the State Water Resources Control Board (“SWRCB”), the last time being in 2006. The current Bay-Delta Plan update process is being implemented in four phases. The first phase considered southern Delta water quality, with a significant focus on San Joaquin River tributaries. Phase 2, which is initially being addressed by a document under development by SWRCB staff, will address Sacramento River tributaries and various flow related issues, including the critically important one of those tributaries’ contribution to Delta outflow. Phase 3 will concern changes to water rights needed to implement Phase 2. A substantial change in Delta outflow requirements could have a major impact on the timing of hydroelectric energy generation by the CVP. SMUD has a long-term agreement with WAPA to purchase some of this power (see “POWER SUPPLY AND TRANSMISSION – Power Purchase Agreements – *Western Area Power Administration*”).



On July 18, 2018, the SWRCB released an updated Framework document signaling its staff's intent to propose Delta outflow requirements of 45–65% unimpaired flows for the Sacramento River tributaries (which includes the American River, the upper portions of which are where the UARP sits), though the report will analyze requirements of 35–75%. If these criteria were implemented, they could cut CVP generation by 50 to 63%. Governor Newsom has urged the SWRCB, other agencies and affected parties to execute voluntary agreements (aka the “Healthy Rivers Agreements”) to address species’ needs and outflow requirements. Although the negotiations have been slow, it is expected they will eventually result in a reasonable compromise. However, in September 2023 the SWRB released a Staff Report/Substitute Environmental Document in Support of Potential Updates to the Bay-Delta Plan (the “Staff Report/Substitute Environmental Document”) to justify the adoption of the unimpaired flow standard as set forth in the 2018 Framework document. Numerous public entities, including SMUD, filed comments stating that, among other things, the potential updates identified in the Staff Report/Substitute Environmental Document, if adopted, would violate the Porter-Cologne Water Quality Control Act and Article X, section 2 of the California Constitution, would not improve fish and wildlife, and would not reasonably protect all beneficial uses, including water supplies for millions of Californians and hydroelectric power generation that is essential to California’s resilient energy grid. Moreover, the comments filed also stated that the Staff Report/Substitute Environmental Document does not comply with CEQA because, among other things, the analysis of the proposed inflow and habitat objectives’ impacts on electrical peaking generation, and more generally electrical grid reliability, is not supported by substantial evidence and fails to satisfy informational requirements. In addition, the comments maintain that the Healthy Rivers Agreements are a superior approach to achieving the goal of maximizing both environmental and other beneficial uses. If the unimpaired flow standard is adopted and the Healthy Rivers Agreements do not come to fruition, SMUD plans to fully participate in all regulatory and legal proceedings to argue for consideration and minimization of impacts to hydropower generation. SMUD will assess the potential impacts of proposed modifications to the present outflow objectives on SMUD’s operations once, or if, the SWRCB makes available information with enough specificity for SMUD to conduct the relevant modeling.

In July 2022, the DWR released a Draft Environmental Impact Report (“EIR”) to evaluate the potential impacts of carrying out the Delta Conveyance Project; the U.S. Army Corps of Engineers released a separate Environmental Impact Statement to evaluate the effects of the project pursuant to the National Environmental Policy Act. The Delta Conveyance Project is expected to entail construction of two intakes on the Sacramento River that will carry water to a main tunnel to the California Aqueduct for delivery south of the Delta. The Delta Conveyance Project may pose the potential to exacerbate impacts to already imperiled aquatic species, and in turn could have indirectly prompted regulatory agencies to require third parties, such as SMUD, to compensate by making changes to their operations. The Bureau of Reclamation is not a party to the Delta Conveyance Project, which should eliminate the potential for CVP power to be used to supply Delta Conveyance Project pumps. SMUD will monitor the proceedings and participate as necessary to ensure any impacts to SMUD interests are minimized, including potentially filing a challenge to the water rights DWR would need to modify in order to carry out the project.

**Proposition 26.** Proposition 26 was approved by the electorate on November 2, 2010 and amends Article XIII A and Article XIII C of the State Constitution. Proposition 26 imposes a two-thirds voter approval requirement for the imposition of fees and charges by the State, unless the fees and charges are expressly excluded. It also imposes a majority voter approval requirement on local governments with respect to fees and charges for general purposes, and a two-thirds voter approval requirement with respect to fees and charges for special purposes, unless the fees and charges are expressly excluded. The initiative, according to its supporters, is intended to prevent the circumvention of tax limitations imposed by the voters pursuant to Proposition 13, approved in 1978, and other measures through the use of non-tax fees and charges. Proposition 26 expressly excludes from its scope a charge imposed for a specific local government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable cost to the local government of providing the service or product. Proposition 26



is not retroactive as applied to local governments. Although SMUD believes its fees and charges meet the criteria of the exclusion described above, it is possible that Proposition 26 could be interpreted to further limit fees and charges for electric utility services and/or require stricter standards for the allocation of costs among customer classes. SMUD is unable to predict at this time how Proposition 26 will be interpreted by the courts or what its ultimate impact will be. As of the date of this Official Statement, SMUD is unaware of any fees or charges relating to SMUD's service that would have to be reduced or eliminated because of Proposition 26. However, certain of SMUD's adopted rate increases have been challenged. See "LEGAL PROCEEDINGS – Proposition 26 Lawsuit."

***Initiative 1935.*** A voter initiative entitled "The Taxpayer Protection and Government Accountability Act" ("Initiative 1935") would amend Article XIII C of the State Constitution to, among other things, provide that charges (or increases in charges) imposed or extended by a local government after January 1, 2022 for services or products provided directly to the payor (including, potentially, fees and charges for electric utility services) are "taxes" subject to voter approval unless the local government can prove by clear and convincing evidence that the charge is reasonable and does not exceed the "actual cost" of providing the service or product. Initiative 1935 defines "actual cost" as "(i) the minimum amount necessary to reimburse the government for the cost of providing the service or the product to the payor and (ii) where the amount charged is not used by the government for any purpose other than reimbursing that cost." Initiative 1935 would also require that local governments impose fees and charges by ordinance (which may be subject to referendum).

On June 20, 2024, the California Supreme Court ruled the initiative ineligible for the November 2024 ballot, concluding:

"Petitioners have clearly established that the challenged measure would revise the Constitution without complying with the appropriate procedure. The changes proposed by the TPA [Taxpayer Protection Act] are within the electorate's prerogative to enact, but because those changes would substantially alter our basic plan of government, the proposal cannot be enacted by initiative. It is instead governed by the procedures for revising our Constitution. We therefore issue a peremptory writ of mandate directing the Secretary to refrain from taking any steps to place the TPA on the November 5, 2024 election ballot or to include the measure in the voter information guide."

On November 2, 2023, Assembly Constitutional Amendment No. 13 ("ACA 13") was filed with the Secretary of State and was originally slated to be on the ballot for the November 2024 statewide general election, but subsequent legislation (AB 440m Statutes of 2024), moved it to the November 2026 election. If approved by voters, ACA 13 would require any initiative constitutional amendment appearing on the ballot that would increase the voter approval requirement to adopt any State or local measure to be approved by the highest voter approval requirement that the initiative measure would impose. In other words, if ACA 13 is approved by voters, its express terms appear to require an initiative like Initiative 1935 to pass with a 2/3 vote, since Initiative 1935 would extend a 2/3 vote requirement to additional State and local fees and charges.

***Wildfire Legislation.*** In response to catastrophic wildfires in California, legislation was adopted and signed into law requiring POUs (including SMUD), IOUs, and electrical cooperatives to construct, maintain and operate their electrical lines and equipment in a manner that will minimize the risk of catastrophic wildfire posed by electrical lines and equipment. Senate Bill 247 ("SB 247"), signed by Governor Newsom on October 2, 2019, establishes notification, audit and reporting guidelines for electrical corporations relating to vegetation management requirements in the wildfire mitigation plan. SB 247 also specifies the qualifications for electrical line clearance tree trimmers performing work to comply with the vegetation management requirements in an electrical corporation's wildfire mitigation plan and requires that qualified line clearance tree trimmers be paid no less than a specified prevailing wage rate. POUs are



not required to adhere to SB 247, but the market impacts are projected to significantly increase SMUD's annual vegetation management costs.

Following the recent Southern California fires several legislative proposals addressing wildfire risk and mitigation are anticipated. SMUD is unable to predict at this time the potential impact any such proposals will have on the operations and finances of SMUD or the electric utility industry generally.

***Nonstock Security.*** SMUD sponsored legislation in 2019, Assembly Bill 689, which was signed into law by Governor Newsom on September 5, 2019. This bill expressly allows SMUD the ability to operate a pilot project (effective January 1, 2020, to January 1, 2025), of up to three acquisitions, to hold nonstock security in a corporation or other private entity if acquired as part of a procurement of goods or services from that entity, provided that no separate funding is expended solely for the nonstock security. This will allow SMUD to realize the financial benefits of its investments, partnerships, and intellectual property.

On September 15, 2022, the Board authorized the CEO & GM to enter into a joint collaboration agreement with ESS Tech, Inc. ("ESS"). Under that agreement SMUD would procure from ESS iron flow batteries for utility scale long-duration energy storage applications. The agreement contemplates a multi-year phased deployment of up to 200MW/2GWh of long duration energy storage by 2028. As part of that procurement, SMUD acquired nonstock security in ESS.

SMUD sponsored legislation in 2024, AB 2457 (McCarty), to extend the authority granted by Assembly Bill 689 to future years. AB 2457 was passed by the legislature and signed into law, taking effect on January 1, 2025. SMUD's pilot nonstock security authority is now extended to 2035, with 6 allowable acquisitions.

### ***Air Quality Violation Fees***

AB 1465 (Wicks, Statutes of 2024) increased existing air district civil penalty limits by a factor of up to three for emissions from a Title V source that contain one or more air contaminants. If a Title V emissions source was found to be in violation, the local air district may impose penalties that are triple the current rate. Typically, penalties are now assessed at \$5,000 per day (\$15,000 by Jan 1, 2025). SMUD has 5 Title V facilities.

SMUD was able to get a letter on record that clarifies that this does not apply during declared emergencies.

### **Future Regulation**

The electric industry is subject to continuing legislative and administrative reform. States and Federal entities routinely consider changes to the way in which they regulate the electric industry. Recently, both further deregulation and forms of additional regulation have been proposed for the industry, which has been highly regulated throughout its history. SMUD is unable to predict at this time the impact any such proposals will have on the operations and finances of SMUD or the electric utility industry generally.

## **OTHER FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY**

### **CAISO Market Initiatives**

The CAISO routinely conducts a number of initiatives and stakeholder processes that propose certain operational and market changes that impact SMUD. SMUD does and will continue to monitor the



various initiatives proposed by the CAISO and participate in its stakeholder processes to ensure that its interests are protected.

SMUD participates in the CAISO market for only a small percentage of energy needs, however, it continues to benefit from its participation in the CAISO's WEIM plans to participate in the CAISO's Extended Day Ahead Market ("EDAM") (both the WEIM and EDAM are described further below). Along with monitoring other key market initiatives at the CAISO which impact wholesale energy markets, SMUD will continue to actively participate in all processes related to EIM and EDAM, to ensure both participation models are beneficial to SMUD's customers. Given its success in EIM and active engagement with the CAISO and CAISO leadership, SMUD has earned a key role in the stakeholder processes related to these important and evolving markets.

## **Resource Adequacy**

In September 2005, the State Legislature enacted and the Governor signed into law Assembly Bill 380 ("AB 380"), which requires the CPUC to establish resource adequacy requirements for all LSEs within the CPUC's jurisdiction. SMUD is not an LSE subject to the CPUC's jurisdiction. In 2005, the CPUC issued a decision requiring jurisdictional LSEs to demonstrate that they have acquired capacity sufficient to serve their forecast retail customer load plus a minimum 15% planning reserve margin. The CPUC in recent years has increased the minimum planning reserve margin, which currently is set at 17% for both 2024 and 2025.

AB 380 also required publicly owned utilities, including SMUD, to meet the most recent resource adequacy standard as adopted by the WECC. The WECC has yet to formally adopt a resource adequacy requirement. However, consistent with current WECC practices, SMUD utilizes a minimum 15% planning reserve margin when assessing the need for future resources. In recent years, SMUD has attained a 17% planning reserve margin and will have at least a 17.5% planning reserve margin for summer 2025.

In 2022, the State Legislature adopted Assembly Bill 209 (2022) ("AB 209"), which requires the CEC to develop recommendations about approaches to determining an appropriate planning reserve margin for local publicly owned utilities within the CAISO balancing authority area. In August 2024, the CEC issued its California Energy Resource and Reliability Outlook, which made several recommendations regarding the methodology for determining planning reserve margins. This report does not directly impact SMUD since SMUD is not in the CAISO; nevertheless, SMUD considers best practices when developing resource planning processes.

The State Legislature also passed Assembly Bill 1373 (2023) ("AB 1373") that requires the CEC to submit a report to the Legislature that assesses whether each local publicly owned electric utility in California (both inside and outside the CAISO) exceeded, met, or failed to meet its minimum planning reserve margin for 2023. The report must also assess whether local publicly owned utilities met the planning reserve margin for June through September 2023 established by the CPUC's June 2022 decision (i.e., 16%).

The CEC's AB 1373 report, published in April 2024, showed that SMUD met its 15% planning reserve margin; it also acknowledged the limitations of the data CEC staff relied upon for this assessment. The report did not directly compare SMUD or other POUs to the CPUC's 16% planning reserve margin for 2023. The report also found that some POUs within the CAISO were short compared to reported peak demand plus 15% planning reserve margin. AB 1373 also authorizes the CEC to annually assess a capacity payment on POUs within the CAISO balancing authority area during a month in which the POU fails to meet its minimum planning reserve margin. The CEC continues to develop regulations to implement the



AB 1373 capacity payment, but SMUD will not be impacted by these regulations because SMUD is within the BANC, rather than CAISO, balancing authority area.

To the extent the CEC or Legislature were to impose a higher POU planning reserve margin or required planning reserve methodologies for future years that includes SMUD, the ultimate impacts on SMUD's financial results and operations are difficult to predict and are dependent on a variety of factors, such as the relative cost of procuring energy/capacity, the availability and relative cost of new technologies, and the adoption and implementation of energy efficiency and other measures by SMUD's customers; however, such impacts could be material.

### **Western Energy Imbalance Market and Extended Day Ahead Market**

Federal and state policymakers have long-promoted the development of organized markets in the west as a means (among other reasons) to better integrate intermittent renewable resources into the electric system, the first of which markets is the Western EIM, operated by the CAISO. The CAISO successfully launched the WEIM, a real time only imbalance market, on October 1, 2014, with PacifiCorp as the first participant. Since this time, the WEIM has grown significantly with the addition of 21 other Balancing Authority Areas (including BANC) which together comprise roughly 80% of the load in the Western Interconnection.

To date, participation in the WEIM by SMUD has shown significant financial and operational benefits, in addition to furthering an already favorable working partnership between SMUD and the CAISO to develop solutions to integrate renewable resources in support of carbon reduction goals.

BANC's participation not only signaled the first public power participant in the EIM, but it was also implemented utilizing a unique phased approach, with SMUD (as the largest member of BANC) implementing so-called WEIM Phase 1 in 2019, while the other BANC members and WAPA (the "Phase 2 Parties") joined after further evaluation and approvals in March of 2021.

Part of the BANC Phase 2 participation included reimbursement to SMUD certain upfront infrastructure costs incurred by SMUD in Phase 1 to establish BANC as an WEIM Entity. This reimbursement to SMUD by the Phase 2 Parties has been completed.

The CAISO and WEIM participants, including SMUD and BANC, have participated in developing a design framework to extend the successful WEIM real time framework to the EDAM. Like WEIM, EDAM would broaden the access to regional resources for the reliable integration of renewable resources, only over a longer (day ahead) time horizon by allowing for a more economic and efficient optimization of regional resources by providing grid operators greater time (day ahead as opposed to real time) to commit or decommit units based on market price signals. Only participants in the WEIM will be allowed to extend their participation to EDAM. The CAISO launched a public stakeholder initiative and utilized most of 2022 developing the EDAM design. On February 1, 2023 the CAISO Board of Governors and EIM Governing Body approved the EDAM proposal, with the CAISO filing tariff amendments with FERC on August 22, 2023. FERC unanimously approved most of the filing on December 20, 2023, rejecting without prejudice just one element of the EDAM proposal related to transmission revenue recovery for market participants. The CAISO filed a refined transmission revenue recovery proposal with FERC, which FERC approved on June 11, 2024. The CAISO has worked with first movers, PacifiCorp and Portland General Electric, to launch EDAM in 2026. However, given certain concerns by stakeholders regarding PacifiCorp's EDAM tariff filing at FERC, the CAISO has launched a new stakeholder initiative to revise EDAM's transmission congestion revenue allocation framework. The market is scheduled to go-live in May of 2026. Similar to the process around WEIM participation, SMUD, along with BANC, performed cost-benefit studies that demonstrated EDAM participation will expand on the existing WEIM benefits and in August 2023, SMUD



and BANC both approved participation in EDAM. On December 5, 2024, the CAISO filed an EDAM Implementation Agreement with BANC, which FERC approved on January 27, 2025. BANC and SMUD have begun implementation efforts with plans to participate in EDAM beginning May 2027.

Seen as an important step in the evolution of EIM and EDAM is the Pathways Initiative (“Pathways”). Pathways is a west wide effort launched in 2023 with the goal of creating a new entity with an independent governance structure separate from the CAISO. The new entity, or “regional organization,” would provide electric market functions overseeing the CAISO western market offerings. Independent governance is a critical gating issue for certain entities outside of California to participate in EDAM and provides the ability for potential future expansion of additional market functions across the largest possible footprint beyond California’s borders. SMUD supports Pathways because a broader EIM and EDAM footprint will help market operational efficiency and keep energy purchases more affordable. The next step for Pathways is a revision to California law to facilitate this CAISO market transformation, and Senate Bill 540 (Becker) is the legislative vehicle to address this issue.

### **Other Factors**

The electric utility industry in general has been, or in the future may be, affected by a number of other factors which could impact the financial condition and competitiveness of many electric utilities and the level of utilization of generating and transmission facilities. In addition to the factors discussed above, such factors include, among others, (a) effects of compliance with rapidly changing environmental, safety, licensing, regulatory and legislative requirements other than those described above; (b) changes resulting from conservation and demand side management programs on the timing and use of electric energy; (c) changes resulting from a national energy policy; (d) effects of competition from other electric utilities (including increased competition resulting from mergers, acquisitions, and “strategic alliances” of competing electric and natural gas utilities and from competitors transmitting less expensive electricity from much greater distances over an interconnected system) and new methods of, and new facilities for, producing low cost electricity; (e) the repeal of certain federal statutes that would have the effect of increasing the competitiveness of many IOUs; (f) increased competition from independent power producers and marketers, brokers and federal power marketing agencies; (g) “self-generation” or “distributed generation” (such as solar, microturbines and fuel cells) by industrial and commercial customers and others; (h) issues relating to the ability to issue tax exempt obligations, including severe restrictions on the ability to sell to nongovernmental entities electricity from generation projects and transmission service from transmission line projects financed with tax exempt obligations; (i) effects of inflation on the operating and maintenance costs of an electric utility and its facilities; (j) changes from projected future load requirements; (k) increases in costs and uncertain availability of capital; (l) issues relating to supply chains and the uncertain availability or increased costs of necessary materials; (m) shifts in the availability and relative costs of different fuels (including the cost of natural gas); (n) sudden and dramatic increases in the price of energy purchased on the open market that may occur in times of high peak demand in an area of the country experiencing such high peak demand, such as has occurred in the State; (o) issues relating to risk management procedures and practices with respect to, among other things, the purchase and sale of natural gas, energy and transmission capacity; (p) other legislative changes, voter initiatives, referenda and statewide propositions; (q) effects of changes in the economy; (r) effects of possible manipulation of the electric markets; (s) natural disasters or other physical calamities, including, but not limited to, earthquakes, droughts, severe weather, wildfires and floods; (t) changes to the climate, including increasing volatility in rainfall in the Western United States and a reduction in the depth and duration of the Sierra snowpack; (u) issues relating to cyber-security; and (v) outbreaks of infectious diseases or the occurrence of pandemics. Any of these factors (as well as other factors) could have an adverse effect on the financial condition of any given electric utility, including SMUD’s electric utility, and likely will affect individual utilities in different ways.



SMUD is unable to predict what impact such factors will have on the business operations and financial condition of SMUD's electric system, but the impact could be significant. SMUD has taken major steps to mitigate the impacts of many of the changes. This Official Statement includes a brief discussion of certain of these factors. This discussion does not purport to be comprehensive or definitive, and these matters are subject to change subsequent to the date hereof. Extensive information on the electric utility industry is available from the legislative and regulatory bodies and other sources in the public domain, and potential purchasers of any of SMUD's Senior Bonds or Subordinated Bonds described in the forepart of this Official Statement should obtain and review such information.



**RESOLUTION NO. 25-05-02**

**WHEREAS**, by Resolution No. 24-02-08, adopted on February 15, 2024, this Board authorized the creation of a Senior Manager Pool and Alternate Pool of experienced financial institutions to serve as Senior Managing Underwriters for future transactions with SMUD on a transaction-by-transaction basis until July 31, 2029; and

**WHEREAS**, due to a restructuring, an associate with experience in numerous SMUD transactions moved to another institution, **PNC Bank**; and

**WHEREAS**, SMUD evaluated **PNC Bank** using the same evaluation criteria consisting of the willingness and ability to underwrite bonds, experience and qualifications of the firm, experience and qualifications of the underwriting team, marketing approach, and technical expertise; and

**WHEREAS**, staff recommends adding **PNC Bank** to the Senior Manager Pool; **NOW, THEREFORE**,

**BE IT RESOLVED BY THE BOARD OF DIRECTORS  
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

**Section 1.** This Board authorizes the Chief Executive Officer and General Manager, or his designee, to add **PNC Bank** to the Senior Manager Pool listed on Schedule A of Attachment G to Resolution No. 24-02-08.

**Section 2.** In all other respects, Resolution No. 24-02-08 is reaffirmed.

Approved: May 15, 2025

INTRODUCED: DIRECTOR TAMAYO				
SECONDED: DIRECTOR BUI-THOMPSON				
DIRECTOR	AYE	NO	ABSTAIN	ABSENT
FISHMAN	X			
ROSE	X			
BUI-THOMPSON	X			
HERBER	X			
KERTH	X			
TAMAYO	X			
SANBORN	X			



**RESOLUTION NO. 25-05-03 OF  
THE BOARD OF DIRECTORS OF  
SACRAMENTO MUNICIPAL UTILITY DISTRICT  
AUTHORIZING THE DEFEASANCE OF THE OUTSTANDING PRINCIPAL AMOUNT OF  
THE SACRAMENTO MUNICIPAL UTILITY DISTRICT FINANCING AUTHORITY  
COSUMNES PROJECT REVENUE REFUNDING BONDS, SERIES 2015 AND CERTAIN  
OTHER MATTERS RELATED THERETO**

WHEREAS, the Sacramento Municipal Utility District Financing Authority (the “Authority”) has previously issued its Cosumnes Project Revenue Refunding Bonds, Series 2015 (the “Series 2015 Bonds”) to refund its previously outstanding Cosumnes Project Revenue Bonds, Series 2006 (the “Series 2006 Bonds”); and

WHEREAS, the Authority and the Sacramento Municipal Utility District (“SMUD”) have determined to defease the outstanding principal amount of the Series 2015 Bonds pursuant to the terms of the Indenture of Trust, dated as of June 1, 2015 (the “Indenture”), between the Authority and U.S. Bank Trust Company, National Association, as successor trustee.

BE IT RESOLVED by the Board of Directors of the Sacramento Municipal Utility District, as follows:

Section 1. Authorization of Defeasance and Related Actions. The defeasance of the outstanding principal amount of the Series 2015 Bonds pursuant to the terms of the Indenture is hereby authorized. The officers of SMUD, each acting alone, are authorized to execute and deliver any and all documents and instruments, including an escrow agreement, and to do and cause to be done any and all acts and things, including the contribution of SMUD funds in an amount not to exceed \$25,000,000, necessary or convenient in order to consummate the defeasance of the Series 2015 Bonds and to otherwise effectuate the purposes of this resolution and the transactions contemplated hereby and any actions heretofore taken and any agreements and documents heretofore executed and delivered by the officers of SMUD to consummate the defeasance of the Series 2015 Bonds and to otherwise effectuate the purposes of this resolution and the transactions contemplated hereby are hereby ratified and confirmed. After the defeasance of the Series 2015 Bonds, the officers of SMUD, each acting alone, are also authorized to execute and deliver any and all necessary or desirable amendments or modifications to, or restatements or terminations of, any or all of the documents executed by SMUD in connection with the issuance of the Series 2015 Bonds or the Series 2006 Bonds.

Approved: May 15, 2025

INTRODUCED: DIRECTOR TAMAYO				
SECONDED: DIRECTOR BUI-THOMPSON				
DIRECTOR	AYE	NO	ABSTAIN	ABSENT
FISHMAN	X			
ROSE	X			
BUI-THOMPSON	X			
HERBER	X			
KERTH	X			
TAMAYO	X			
SANBORN	X			



**RESOLUTION NO. 25-05-04**

**BE IT RESOLVED BY THE DIRECTORS  
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

**Section 1.** That this Board hereby designates SMUD's i) Chief Financial Officer; ii) Director, Accounting & Controller, iii) Manager(s), Accounting & Assistant Controller(s), or iv) Principal Financial Accountant(s) to act as "Authorized Agents" to engage with the Federal Emergency Management Agency (FEMA) and the California Governor's Office of Emergency Services (Cal OES) for the purpose of obtaining certain federal financial assistance grants for the next 3 years and to execute for and on behalf of the Sacramento Municipal Utility District, a public entity established under the laws of the State of California, applications and other documents and to file them in the Office of Emergency Services for the purpose of obtaining federal financial assistance for any existing or future grant program, including but not limited to, the following:

- Federally declared Disaster (DR), Fire Mitigation Assistance Grant (FMAG), California State Only Disaster (CDAA), Immediate Services Program (ISP), Hazard Mitigation Grant Program (HMGP), Building Resilient Infrastructure and Communities (BRIC), Legislative Pre-Disaster Mitigation Program (LPDM), programs established or operated pursuant to Public Law 93-288 as amended by the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1988, and/or state financial assistance under the California Disaster Assistance Act.
- Flood Mitigation Assistance Program (FMA), under Section 1366 of the National Flood Insurance Act of 1968.
- National Earthquake Hazards Reduction Program (NEHRP) 42 U.S. Code 7704 (b)((2) (A) (ix) and 42 U.S. Code 7704 (b) (2) (B) National Earthquake Hazards Reduction Program, and also the Consolidated Appropriations Act, 2018, Div. F,



Department of Homeland Security Appropriations Act, 2018,  
Pub. L. No. 115-141.

- California Early Earthquake Warning (CEEW) under Cal.  
Gov't Code – Gov't Title 2, Div. 1, Chapter 7, Article 5,  
Sections 8587.8, 8587.11, 8587.12.

**Section 2.** That this Board hereby authorizes its “Authorized Agents” to provide to FEMA and Cal OES, for all matters pertaining to such state disaster assistance, the assurances and agreements required for participation in the applicable programs.

**Section 3.** This is a universal resolution and is effective for all open and future disasters/grants declared up to three (3) years following the date of adoption below.

**Section 4.** Resolution No. 22-05-08 adopted on May 19, 2022, is hereby superseded.

Approved: May 15, 2025

INTRODUCED: DIRECTOR TAMAYO				
SECONDED: DIRECTOR BUI-THOMPSON				
DIRECTOR	AYE	NO	ABSTAIN	ABSENT
FISHMAN	X			
ROSE	X			
BUI-THOMPSON	X			
HERBER	X			
KERTH	X			
TAMAYO	X			
SANBORN	X			



**RESOLUTION NO. 25-05-05**

**WHEREAS**, in January 2025, SMUD issued Request for Proposal No. Doc4932298652 (RFP) to solicit qualified contractors to provide professional substation engineering services for a five-year period; and

**WHEREAS**, 12 proposals submitted in response to the RFP were evaluated; **NOW, THEREFORE**,

**BE IT RESOLVED BY THE BOARD OF DIRECTORS  
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

**Section 1.** As a result of such examination, **Sargent & Lundy, Black & Veatch Corporation, Worley Group**, and **Burns & McDonnell** are hereby determined and declared to the highest ranking proposers to provide professional substation engineering services.

**Section 2.** The Chief Executive Officer and General Manager, or his designee, is authorized, on behalf of SMUD, to negotiate and award contracts to the highest evaluated responsive proposers, **Sargent & Lundy, Black & Veatch Corporation, Worley Group**, and **Burns & McDonnell** (collectively, the **Contracts**), to provide professional substation engineering services for a five-year period from May 16, 2025, to May 15, 2030, for a total aggregate not-to-exceed amount of \$20,000,000 for the **Contracts**.

**Section 3.** The Chief Executive Officer and General Manager, or his designee, is authorized to make future changes to the terms and conditions of the **Contracts** that, in his prudent judgment: (a) further the primary purpose of the **Contracts**; (b) is intended to provide a net benefit to SMUD; and (c) does not exceed the authorized contract amount and applicable contingencies.

Approved: May 15, 2025

INTRODUCED: DIRECTOR TAMAYO				
SECONDED: DIRECTOR BUI-THOMPSON				
DIRECTOR	AYE	NO	ABSTAIN	ABSENT
FISHMAN	X			
ROSE	X			
BUI-THOMPSON	X			
HERBER	X			
KERTH	X			
TAMAYO	X			
SANBORN	X			



**RESOLUTION NO. 25-05-06**

**WHEREAS**, Contract No. 4600001722 with **Arrow Construction (Arrow Contract)**, Contract No. 4600001723 with **Syblon Reid (Syblon Contract)**, and Contract No. 4600001725 with **Teichert Energy & Utilities Group, Inc. dba Teichert Utilities (Teichert Contract)** (collectively, the **Contracts**) were awarded on a competitive basis in March 2023 to provide urban civil annual construction services for the period from March 20, 2023, to March 20, 2026, for a not-to-exceed amount of \$8,000,000 each; and

**WHEREAS**, Contract Change 1 to the **Arrow Contract** made changes to the General Conditions and select Rate Schedule items; and

**WHEREAS**, Contract Change 2 to the **Arrow Contract** increased the contract not-to-exceed amount by \$3,000,000, from \$8,000,000 to \$11,000,000; and

**WHEREAS**, Contract Change 1 to the **Syblon Contract** was a term extension; and

**WHEREAS**, Contract Change 1 to the **Teichert Contract** changed select Rate Schedule items; and

**WHEREAS**, Contract Change 2 to the **Teichert Contract** increased the contract not-to-exceed amount by \$3,000,000, from \$8,000,000 to \$11,000,000; and

**WHEREAS**, a solicitation for new contracts is currently underway with contract award planned for fall 2025; and

**WHEREAS**, increasing the not-to-exceed amount for the **Arrow Contract, Syblon Contract, and Teichert Contract** and extending the expiration date to December 31, 2026, for the **Contracts** will allow SMUD to continue forward without jeopardizing the completion of critical projects before the new contracts are in place; **NOW, THEREFORE,**

**BE IT RESOLVED BY THE BOARD OF DIRECTORS  
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

**Section 1.** That this Board hereby approves Contract Change No. 3 to extend the term from March 20, 2026, to December 31, 2026, for each of the following contracts for urban civil annual construction services: Contract No.



4600001722 with **Arrow Construction (Arrow Contract)**, Contract No.

4600001723 with **Syblon Reid (Syblon Contract)**, and Contract No.

4600001725 with **Teichert Energy & Utilities Group, Inc. dba Teichert Utilities (Teichert Contract)** (collectively, the **Contracts**).

**Section 2.** That this Board hereby authorizes the Chief Executive Officer and General Manager, or his designee, to increase the aggregate contract not-to-exceed amount across the three **Contracts** for Urban Civil Annual Construction Services by \$53 million, for a total not-to-exceed amount of \$83 million.

**Section 3.** The Chief Executive Officer and General Manager, or his designee, is authorized to make future changes to the terms and conditions of the **Contracts** that, in his prudent judgment: (a) further the primary purpose of the **Contracts**; (b) are intended to provide a net benefit to SMUD; and (c) do not exceed the authorized contract amounts and applicable contingencies.

Approved: May 15, 2025

INTRODUCED: DIRECTOR TAMAYO				
SECONDED: DIRECTOR BUI-THOMPSON				
DIRECTOR	AYE	NO	ABSTAIN	ABSENT
FISHMAN	X			
ROSE	X			
BUI-THOMPSON	X			
HERBER	X			
KERTH	X			
TAMAYO	X			
SANBORN	X			



**RESOLUTION NO. 25-05-07**

**WHEREAS**, the **Folsom Administrative Operations Building Project (Project)** would replace the existing administrative operations facility at the SMUD Headquarters campus and contribute to SMUD's goals for ensuring electrical service reliability and will provide safe and reliable electrical service to existing and proposed development in SMUD territory; and

**WHEREAS**, by Resolution No. 25-02-08, adopted on February 20, 2025, this Board adopted the **California Environmental Quality Act (CEQA) Initial Study and Mitigated Negative Declaration (IS/MND)** for the **Project**, adopted the **Mitigation Monitoring and Reporting Program**, and approved the **Project**; and

**WHEREAS**, by Resolution No. 25-03-05, adopted on March 20, 2025, this Board authorized the Chief Executive Officer and General Manager to award Contract No. 4500150873 to **Hensel Phelps Construction Co. (Hensel Phelps) (Project Contract)** to provide design-build services and perform *Phase I* pre-construction services and equipment procurement for the **Project** in an amount not to exceed \$13,068,600; and

**WHEREAS**, in *Phase I*, **Hensel Phelps** has designed to a prescribed **Target Guaranteed Maximum Price (TGMP)** for the **Project** and prepared corresponding cost estimates that have been validated by SMUD for each of the five **Project** components ("mini-GMPs") consisting of 1) Procurement of Long Lead Items, 2) General Conditions and General Requirements, 3) Site Grading and Utilities, 4) Building Construction, and 5) Building Interiors; and

**WHEREAS**, the validated cost estimates will be used to determine an overall not-to-exceed GMP value for the **Project Contract**; and

**WHEREAS**, the **Project Contract** included Procurement of Long Lead Items, but contract changes to the **Project Contract** will need to be negotiated and executed for each of the remaining validated **mini-GMPs** to incorporate scope and fees associated with *Phase II* Construction Services; and



**WHEREAS**, staff recommends increasing the not-to-exceed amount of the **Project Contract** to \$125.3 million based upon the validated cost estimates and authorizing the Chief Executive Officer and General Manager to negotiate and execute any changes to the **Project Contract**, up to the **TGMP**, and to take such other actions as may be necessary to facilitate and/or implement the **Project Contract** and **Project**; **NOW, THEREFORE**,

**BE IT RESOLVED BY THE BOARD OF DIRECTORS  
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

**Section 1.** That this Board approves Contract Change No. 1 to Progressive Design-Build Construction Contract No. 4500150873 with **Hensel Phelps Construction Co. (Hensel Phelps)** for the **Folsom Administrative Operations Building Project (Project) (Project Contract)** to increase the contract not-to-exceed amount by \$112.2 million, from \$13.1 million to \$125.3 million, for performance of *Phase II* Construction Services under the **Project Contract** and to authorize the Chief Executive Officer and General Manager to negotiate and execute any changes to the **Project Contract**, including but not limited to modifying any or all of the remaining **mini-GMPS** as long as they do not collectively exceed the **Target Guaranteed Maximum Price (TGMP)**, or to take such other actions as may be necessary to facilitate and/or implement the **Project Contract** and **Project**.

**Section 2.** The Chief Executive Officer and General Manager, or his designee, is authorized to make future changes to the terms and conditions of the contract that, in his prudent judgment: (a) further the primary purpose of the contract; (b) are intended to provide a net benefit to SMUD; and (c) do not exceed the authorized contract amounts and applicable contingencies.

Approved: May 15, 2025

INTRODUCED: DIRECTOR TAMAYO				
SECONDED: DIRECTOR BUI-THOMPSON				
DIRECTOR	AYE	NO	ABSTAIN	ABSENT
FISHMAN	X			
ROSE	X			
BUI-THOMPSON	X			
HERBER	X			
KERTH	X			
TAMAYO	X			
SANBORN	X			



## RESOLUTION NO. 25-05-08

**WHEREAS**, in 2024, SMUD received a competitive offer from **DESRI**, the parent company for **Dry Creek Energy Storage, LLC (Dry Creek)** to construct and operate a battery storage project at SMUD's Rancho Seco property for the **Dry Creek Project** for 160 MW of battery storage; and

**WHEREAS**, SMUD performed an evaluation of the market and determined that the **Dry Creek Project** offered superior value versus alternatives; and

**WHEREAS**, SMUD and **DESRI** negotiated a mutually beneficial **Power Purchase Agreement (PPA)** under which SMUD will purchase the capacity, capacity attributes (including, but not limited to, resource adequacy) and ancillary services, for full dispatch rights to 160 MW/4-hour battery storage at a fixed price with an average annual cost of approximately \$25 million, subject to a price cap for any cost increase due to change in tariffs between April 2, 2025, and the commercial operation date, and co-located with **Rancho Seco Solar II** to share the existing Point of Interconnection to SMUD's transmission system, for a term of 20 years with one optional five-year extension for a total of 25 years; and **WHEREAS**, the Dry Creek PPA includes a contract price change mechanism whereby, subject to an independent evaluator's determination of the project cost increase directly attributable to the tariffs, the total contract price may be increased but not to exceed the price cap, which limits SMUD's exposure and potential risk due to tariffs; and

**WHEREAS**, **Dry Creek Project's** scheduled commercial operation date is September 30, 2027, with SMUD having the option to purchase the facility after year 8; and

**WHEREAS**, the price and other terms proposed in the **PPA** are commercially reasonable and benefit SMUD's ratepayers; **NOW, THEREFORE**,



**BE IT RESOLVED BY THE BOARD OF DIRECTORS  
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

**Section 1.** The Chief Executive Officer and General Manager, or his delegate, is authorized to negotiate and execute the **Dry Creek Energy Storage, LLC (Dry Creek) Power Purchase Agreement (PPA)** for a 20-year term, with one optional five-year extension for a total of 25 years, for 160 MW of battery storage, substantially in the form of **Attachment F**, and all other agreements necessary to facilitate the **Dry Creek Project**.

**Section 2.** The Chief Executive Officer and General Manager, or his delegate, is authorized to make future changes to the terms and conditions of the contract that, in his prudent judgment: (a) further the primary purpose of the contract; (b) are intended to provide a net benefit to SMUD; and (c) do not exceed the authorized contract amounts and applicable contingencies.

Approved: May 15, 2025

INTRODUCED: DIRECTOR TAMAYO				
SECONDED: DIRECTOR BUI-THOMPSON				
DIRECTOR	AYE	NO	ABSTAIN	ABSENT
FISHMAN	X			
ROSE	X			
BUI-THOMPSON	X			
HERBER	X			
KERTH	X			
TAMAYO	X			
SANBORN	X			



**ENERGY STORAGE POWER PURCHASE AGREEMENT**

**BETWEEN**

**SACRAMENTO MUNICIPAL UTILITY DISTRICT**

**AND**

**DRY CREEK ENERGY STORAGE, LLC**

**DATED \_\_\_\_\_, 2025**



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This ENERGY STORAGE POWER PURCHASE AGREEMENT (the “**Agreement**”) for a Battery Storage Resource is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2025, (“**Effective Date**”), by and between the Sacramento Municipal Utility District (“**SMUD**” or “**Buyer**”), and Dry Creek Energy Storage, LLC (“**Seller**”). SMUD and Seller are sometimes referred to in this Agreement individually as a “Party” and collectively as the “Parties.”

- A. Seller desires to interconnect and operate a fully integrated battery storage facility (the “**Project**”), as described in Exhibit A, to be interconnected to the existing 34.5 kV bus located at the Rancho Seco Solar II substation, in parallel with the SMUD Transmission System.
- B. The Parties wish to enter into a power purchase agreement for the sale and purchase of all Discharging Energy, Capacity, Capacity Attributes, and Ancillary Services from the Project directly to SMUD.
- C. In conjunction with this Agreement, the Parties wish to execute the LGIA, the Land Lease Agreement, the Reimbursement and Waiver Agreement, and the Station Service Agreement (together these agreements are referred to as “**Definitive Agreements**”). This Agreement does not constitute an agreement by SMUD to interconnect the Project.
- D. This Agreement requires Seller to be a retail customer and to obtain retail electrical service from SMUD to serve certain electrical loads at the premises, except as otherwise permitted under SMUD’s tariffs. This Agreement does not constitute an agreement by SMUD to provide retail electrical service to Seller. Such arrangements are made separately between SMUD and Seller in the Station Service Agreement.

**NOW THEREFORE**, in consideration of the mutual covenants contained in this Agreement, and of other good and valuable considerations, the sufficiency of which are hereby acknowledged, the Parties agree as follows:

## **1. DEFINITION OF TERMS; RULES OF INTERPRETATION**

### **1.1 DEFINITION OF TERMS**

AC: alternating current

Accepted Compliance Expenditures: Has the meaning set forth in Section 3.5.3.

Affiliate: When used with reference to a specified Person, any other Person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, the specified Person.

Agreement: Has the meaning set forth in the Preamble.

Ancillary Services: Those services, including but not limited to operating reserves, regulation, reactive power, voltage control, frequency response, contingency reserves, that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the Transmission Provider’s transmission system in accordance with Prudent Utility Practice.

Annual Average Battery Storage Availability: The average of each monthly Availability Percentage for the Project during a Contract Year.

Annual Battery Storage Capacity Test: Has the meaning given in Exhibit M.

Annual Contract Capacity: Has the meaning set forth in Exhibit A.



Available Battery Storage Capacity: The total capacity of the Project, expressed in megawatts (AC), that is available to store Energy, as specified by Seller, from time to time, in accordance with the Outage Coordination Process.

Availability: The average percentage of time that the Project is available to charge, store or discharge energy up to Pmax as corrected for ambient conditions. Availability shall be determined in accordance with Exhibit U.

Availability Percentage: The percentage determined in accordance with Exhibit U.

Availability System of Record: Seller's data historian or other automated tracking system that automatically tracks and reports all events affecting the availability of the Project, as validated by Seller's outage reporting into SMUD's ITOA system. The Availability System of Record shall be consistent with IEC 63019 record requirements, and Seller's SCADA system, and shall include a satisfactory description of each event affecting Availability.

Balancing Authority: Entity responsible for the reliable planning and operation of the bulk power system in a defined area.

Bankrupt: With respect to any entity, such entity that (a) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy, insolvency, reorganization or similar Law, (b) has any such petition filed or commenced against it which remains unstayed or undismissed for a period of ninety (90) days, (c) makes an assignment or any general arrangement for the benefit of creditors, (d) otherwise becomes bankrupt or insolvent (however evidenced), (e) has a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets, or (f) is generally unable to pay its debts as they fall due.

Battery Storage Availability Requirement: Eighty-Five percent (85%).

Battery Storage Capacity Shortfall: The Annual Contract Capacity less the Expected Battery Storage Capacity that has been commissioned and is capable of reliably charging and discharging Energy.

Battery Storage Capacity Test: Any test or retest of the Capacity of the Project conducted in accordance with the testing procedures, requirements and protocols set forth in Exhibit M.

Battery Storage Commercial Operation Test: Has the meaning set forth in Section 2.3.9.

Battery Storage Meter: The bi-directional revenue quality meter or meters, along with a compatible data processing gateway or remote intelligence gateway, telemetering equipment and data acquisition services sufficient for monitoring, recording and reporting, in real time, the amount of Charging Energy delivered to the Project and the amount of Discharging Energy discharged from the Project to the Delivery Point. For clarity, (i) the Project will contain multiple measurement devices that will make up the Battery Storage Meter, and, unless otherwise indicated, references to the Battery Storage Meter shall mean all such measurement devices and the aggregated data of all such measurement devices, taken together, and (ii) the Battery Storage Meter will be located, and the Energy will be measured, at the low voltage side of the main step up transformer and will be subject to adjustment in accordance with any meter requirements of SMUD and Prudent Utility Practices to account for applicable Electrical Losses to the Delivery Point.

Battery Storage Operating Restrictions: Those rules, requirements and procedures set forth in Exhibit J.

Battery Storage Reliability: The average percentage of time that the Project is able to respond to a SMUD Setpoint. Battery Storage Reliability shall be determined in accordance with Exhibit S.



Battery Storage Reliability Percentage: Has the meaning set forth in Exhibit S.

Battery Storage Tests: Has the meaning set forth in Exhibit M.

Business Day: Any Monday through Friday, inclusive, but excluding days that are observed as business holidays by either Party or days that are NERC Holidays.

Buyer: The Party so identified in the preamble of this Agreement, and its successors and permitted assigns.

CAISO: The California Independent System Operator Corporation or its successor.

CAISO Balancing Authority Area: The system of transmission lines and associated facilities that is operated by the CAISO and for which the CAISO has operational control and responsibility for grid reliability.

CAISO Tariff: The California Independent System Operator Corporation Agreement and Tariff, Business Practice Manuals (BPMs), and operating restrictions, including the rules, protocols, procedures and standards attached thereto, as the same may be amended or modified from time to time and approved by FERC.

Capacity: The instantaneous ability of a storage facility to charge or discharge Energy (real power) at a specified input or output. Capacity is measured in MW or kW.

Capacity Attributes: Any current or future defined characteristic, status, certificate, tag, credit, or ancillary service attribute, whether general in nature or specific as to the location or any other attribute of the Project, intended to value any aspect of the capacity of the Project to charge and discharge energy or provide Ancillary Services, including, but not limited to, any accounting construct so that the full output of the Project may be counted toward a Resource Adequacy requirement or any other measure by an entity invested with the authority under federal or state law, to require SMUD to procure, or to procure at SMUD's expense, Resource Adequacy or other such products.

Capacity Subtotal Payment: Has the meaning set forth in Section 2.4.1(b).

CEQA Addendum: Addendum to the Rancho Seco Solar II Project, Environmental Impact Report (EIR), State Clearinghouse #2017092042

Change in Tariff: Any action by any Governmental Authority taking effect after April 1, 2025 that (a) increases the Tariff Rate that is assessed or imposed (via a cash deposit requirement or final duty payment requirement) on the importer of the Project equipment, (b) implements a new import tariff, cash deposit requirement or import duty of any type applicable to the Project equipment, or (c) commences an investigation by any Governmental Authority for antidumping duties, countervailing duties, or similar import tariffs, customs, duties, price supports or similar taxes or fees.

Change in Tax Law: (i) Any change in or amendment to the Tax Code or another applicable federal income tax statute; (ii) any change in, or issuance of, or promulgation of any temporary or final regulations by the U.S. Department of the Treasury that would result in any change to the interpretation of the Tax Code or existing temporary or final regulations promulgated by the U.S. Department of the Treasury; (iii) any IRS guidance published in the Internal Revenue Bulletin and/or Cumulative Bulletin, notice, announcement, revenue ruling, revenue procedure, technical advice memorandum, examination directive or similar authority issued by the IRS Large Business and International division, or any published advice, advisory, or legal memorandum issued by IRS Chief Counsel, that applies, advances or articulates a new or different interpretation or analysis of any provision of the Tax Code, any other applicable federal tax statute or any temporary or final Treasury Regulation promulgated thereunder; or (iv) any change in the interpretation of any of the authorities described in clauses (a)(i) through (iii) by a decision of the U.S. Tax Court, the U.S. Court of Federal Claims, a U.S. District Court, a U.S. Court of Appeals or the U.S. Supreme Court, that applies, advances or articulates a new or different interpretation or analysis of federal income tax law, and



(b) in the case of (a)(i) through (iv), such change or new or different interpretation, as applicable, occurs after the Effective Date.

Change of Control: Any circumstance in which Ultimate Parent ceases (i) to retain the ability to control, directly or indirectly, the decision-making of Seller, or (ii) to own, directly or indirectly through one or more intermediate entities, more than fifty percent (50%) of the outstanding equity interests (measured by either voting power or economic interests) in Seller; provided that in calculating ownership percentages for all purposes of the foregoing:

- a) any ownership interest in Seller held by Ultimate Parent indirectly through one or more intermediate entities shall not be counted towards Ultimate Parent's ownership interest in Seller unless Ultimate Parent directly or indirectly owns more than fifty percent (50%) of the outstanding equity interests (measured by either voting power or economic interests) in each such intermediate entity; and
- b) ownership interests in Seller owned directly or indirectly by any lender (including any tax equity provider and any agent acting for or on behalf of such lender) shall be excluded from the total outstanding equity interests in Seller;

Provided that any Permitted Transfer shall not constitute or be deemed a "Change of Control." Furthermore, a foreclosure by any lender on the direct or indirect ownership interests in Seller (including a transfer in lieu of foreclosure or any transfer to a Qualified Transferee) shall not constitute or be deemed a "Change of Control".

Charging Energy: Energy delivered by SMUD from Transmission Provider's electrical system and/or the Solar Facility for use in charging the Project and for discharge at a later time.

Charging Notice: The operating instruction, and any subsequent updates, given by SMUD to Seller, (i) directing the Project to charge at a specific MW rate and (ii) identifying the quantity of Charging Energy, provided that any such operating instruction or updates shall be in compliance with Section 4.4 and the Battery Storage Operating Restrictions. For the avoidance of doubt, any SMUD request to initiate a Battery Storage Capacity Test shall not be considered a Charging Notice.

Closing: Has the meaning set forth in Section 18.3.

Closing Date: Has the meaning set forth in Section 18.3.

COD Conditions: Has the meaning set forth in Section 2.3.4.

COD Notice: Has the meaning set forth in Section 2.3.4.

Commercial Operation: The period of operation of the Project once the Commercial Operation Date has occurred.

Commercial Operation Date (COD): The date specified in the Commercial Operation Date Confirmation Letter on which the Project satisfies the COD Conditions set forth in Section 2.3.4.

Commercial Operation Date Confirmation Letter: A letter that the Parties execute and exchange in accordance with this Agreement, the form of which is attached as Exhibit E.

Compliance Expenditures: Has the meaning set forth in Section 3.5.1.

Compliance Expenditure Cap: Has the meaning set forth in Section 3.5.1.

Community Benefits Plan: Has the meaning set forth in Exhibit W.



Contract Price: The price (\$/kW-month) paid by SMUD to Seller for delivery of Product. The Contract Price is shown in Exhibit B.

Contract Year: Any of the one-year periods during the Delivery Term, with the first Contract Year commencing on the Commercial Operation Date and ending on the last day of the twelfth (12th) full month thereafter and each subsequent Contract Year commencing on the first day of the month following the applicable anniversary date.

Costs: Has the meaning set forth in Section 7.4.1(e).

Day-Ahead Market: Has the meaning set forth in the CAISO Tariff.

Defaulting Party: Has the meaning set forth in Section 7.2.1.

Deficit Damages: Has the meaning set forth in Section 2.3.7.

Definitive Agreements: Has the meaning set forth in the Preamble.

Delay Damages: The compensation paid by Seller to SMUD due to a failure of Seller to meet the Scheduled Commercial Operation Date in accordance with Section 2.3.7.

Delay LD Start Date: Has the meaning set forth in Section 2.3.6.

Delivery Point: The specific location at the 230 kV disconnect switch, of the Rancho Seco Solar II 230 kV generation tie-line, inside the Rancho Seco 230 kV substation at which the Project interconnects with SMUD, as set forth in the LGIA. The Delivery Point is identified in Exhibit A and is the same location as the Point of Interconnection.

Delivery Term: Has the meaning set forth in Section 2.3.1.

Delivery Term Security: Has the meaning set forth in Section 8.1.

Development Security: Has the meaning set forth in Section 8.1.

Discharging Energy: All Energy delivered to the Delivery Point from the Project, net of the transformation and transmission losses, if any, as measured by the Battery Storage Meter. For the avoidance of doubt, all Discharging Energy will have originally been delivered to the Project as Charging Energy.

Discharging Notice: The operating instruction, and any subsequent updates, given by SMUD to Seller, directing the Project to discharge Discharging Energy at a specific MW rate; provided that any such operating instruction or update shall be in accordance with Section 4.4 and the Battery Storage Operating Restrictions. For the avoidance of doubt, the Plant Controller shall automatically determine the amount of Discharging Energy based on the SMUD Setpoint.

Dispatch; Dispatchability: The ability of a storage facility to be charged or discharged or to be brought online or shut down at the request of a utility's system operator.

Dispatch Instruction: Any direction, instruction, or order by SMUD to increase, maintain, or decrease the delivery of Energy consistent with the applicable SMUD Setpoint; provided that any such direction, instruction, or order shall be in accordance with Section 5.3 and the Battery Storage Operating Restrictions.

Dispatch Interval: Each of the twelve (12) five (5) minute time intervals beginning on any hour and ending on the next hour.



Distribution System: The relatively low voltage wires, transformers and related equipment generally used by an electric utility to deliver electric power to retail customers (as opposed to using it to move bulk quantities of power between different electric utilities or from large electric generators to a Distribution System).

Early Termination Date: Has the meaning set forth in Section 7.3.5.

Effective Date: Has the meaning set forth in the Preamble.

EIM: Shall mean the Western Energy Imbalance Market.

EIM Participating Resource: Has the meaning set forth in the CAISO Tariff.

Electric System: The integrated electric generation, transmission, and distribution facilities owned or controlled by an electric utility.

Electrical Losses: All transmission or transformation losses between the Project and the Delivery Point, including losses associated with (i) delivery of Charging Energy to the Project and (ii) delivery of Discharging Energy to the Delivery Point.

Emergency Condition: A condition or situation: (1) that in the judgment of the Party making the claim is imminently likely to endanger life or property; or (2) that, in the case of a Transmission Provider, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, Transmission Provider's Transmission System, Transmission Provider's interconnection facilities or the electric systems of others to which the Transmission Provider's Transmission System is directly connected (including the conditions of System Operating Limit (SOL) (as referenced in the LGIA) exceedance where the pre-contingency or post-contingency mitigation actions are required by NERC Reliability Standards or WECC Reliability Standards); or (3) that, in the case of Seller, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Project or Interconnection Customer Interconnection Facilities.

EMS or Energy Management System: Has the meaning set forth in Section 4.5.

Energy: Electrical energy delivered with the voltage and quality required by SMUD in accordance with the LGIA, and measured in megawatt-hours (MWh) or kilowatt-hours (kWh).

Event of Default: Has the meaning set forth in Section 7.2.1.

Excusable Delay: Any delay that is caused by one or more of the following: (i) an event of Force Majeure, (ii) breach of this Agreement or any other agreement between SMUD and Seller (or Seller's Affiliates) by SMUD or any negligent or wrongful act or omission by SMUD that prevents Seller from fulfilling its obligations, in whole or in part, under this Agreement, (iii) a delay in the receipt of the CEQA Addendum beyond six (6) months from Buyer's approval of Seller's design deliverable required for the CEQA Addendum or any other non-CEQA Addendum delay in the Permit process (including any delay by a Governmental Authority in the issuance or maintenance of a Permit) to the extent caused by SMUD, or (iv) a delay in the completion of the interconnection facilities needed to reach COD, to the extent caused solely by SMUD.

Expected Battery Event (EBH): Has the meaning set forth in Exhibit U.

Excused Battery Storage Capacity: Has the meaning set forth in Section 2.4.4.

Extended Term: Has the meaning set forth in Section 2.3.1.

Fair Market Value: Has the meaning set forth in Section 18.6.



FERC: The Federal Energy Regulatory Commission or any successor government agency.

Final Purchase Option: Has the meaning set forth in Section 18.1.

Financing Documents: The loan and credit agreements, notes, bonds, indentures, security agreements, lease financing agreements, equity contribution agreements, mortgages, deeds of trust, interest rate exchanges, swap agreements, equity purchase agreements, purchase option agreements, tax credit purchase and sale agreements and other documents relating to the development, bridge, back-leverage, construction and/or permanent debt and/or equity (including tax equity) financing for the Project, including any credit enhancement, credit support, working capital financing, or refinancing documents, and any and all amendments, modifications, or supplements to the foregoing that may be entered into from time to time at the discretion of Seller (or its applicable Affiliates) in connection with development, construction, ownership, leasing, operation or maintenance of the Project.

Force Majeure: An event or circumstance occurring after the Effective Date that prevents or delays the ability of one Party from performing obligations under this Agreement, and which is not in the reasonable control of, or the result of negligence of, the Party claiming Force Majeure, and which the claiming Party is unable to overcome or cause to be avoided by the exercise of due diligence. Force Majeure may include the following events, to the extent consistent with the prior sentence: (a) An act of nature, riot, insurrection, epidemic or pandemic (including new governmental restrictions that are first imposed related to COVID-19 after the Effective Date), supply chain disruptions that are not directly caused by Seller or Seller's contractors or suppliers at any level in the chain of supply, import tariffs, border controls, war, explosion, labor dispute, fire, flood, earthquake, volcanic eruption, storm, lightning, tsunami, backwater caused by flood, act of the public enemy, terrorism, civil disturbances, strike, labor disturbances, labor or material shortage, national emergency, court order or other action by a Governmental Authority that prevents a Party from fulfilling its obligations under this Agreement (excluding, with respect to any claim by SMUD, any action or inaction of the SMUD Board of Directors or any Person with the authority to bind SMUD); (b) interruption of transmission services as a result of a physical Emergency Condition not caused by the fault or negligence of the Party claiming Force Majeure and reasonably relied upon and without a reasonable source of substitution to make or receive deliveries hereunder; or (c) delays in obtaining any Permits, authorizations, or entitlements to construct or operate the Project beyond the date as set forth in Exhibit N Project Milestone Schedule, except to the extent caused by Seller, and the requirement to obtain any additional Permit, authorization or entitlement to construct or operate the Project that is not included in Exhibit N Project Milestone Schedule that arises after the Effective Date if the timeline for obtaining such Permit, affects Seller's ability to achieve any milestone. Under no circumstances shall either Party's financial incapacity, Seller's ability to sell Product at a more favorable price or under more favorable conditions or SMUD's ability to acquire Product at a more favorable price or under more favorable conditions or other economic reasons constitute an event of Force Majeure. The term "Force Majeure" does not include Forced Outages to the extent such are not caused or exacerbated by an event of Force Majeure as described above, nor does it include Seller's inability to obtain financing or other equipment and instruments necessary to plan for, construct, or operate the Project.

Forced Outage: An unplanned outage of one or more of the Project's components that results in a reduction of the ability of the Project to charge, store or discharge Energy, and specifically excludes any planned maintenance or Planned Outage.

Full Access: Has the meaning set forth in Section 18.2.

Gains: Has the meaning set forth in Section 7.4.1(b).

Governmental Authority: The federal government of the United States, and any state, county, municipal or local government or regulatory department, body, political subdivision, commission, agency, instrumentality, ministry, court, judicial or administrative body, taxing authority, or other authority thereof (including any corporation or other entity owned or controlled by any of the foregoing) having jurisdiction over any Party, the Project, the site of the Project, or the rights or obligations of any Party under this Agreement, whether acting under actual or assumed authority, provided, however, that SMUD and Seller



shall not be considered a Governmental Authority hereunder. The CAISO shall be considered a Governmental Authority.

Guaranteed Availability: Ninety seven percent (97%).

Guaranteed Reliability: Ninety eight and one-half percent (98.5%).

Guaranteed Commercial Operation Date or Guaranteed COD: The date that is six (6) months after the Scheduled Commercial Operation Date, as specified in Exhibit A and subject to day-for-day extension to the extent the Scheduled Commercial Operation Date is extended for Excusable Delay, deferring the payment of Delay Damages as provided in Section 2.3.7.

Guaranteed Round Trip Efficiency: Has the meaning set forth in Exhibit O.

Independent Evaluator: Has the meaning provided in Section 3.6.2.

Interconnection Agreement or LGIA: The Standard Large Generator Interconnection Agreement (LGIA) between SMUD and Seller specific to the interconnection of the Project to the SMUD Transmission System.

Interconnection Capacity Limit: The maximum instantaneous amount of Energy that is permitted to be delivered to the Point of Interconnection under the LGIA, in the amount of 160 MW<sub>AC</sub>.

Interconnection Customer Interconnection Facilities: Has the meaning set forth in the LGIA.

Interest Rate: Shall be the lesser of (a) 2% plus the “prime rate” of interest as published on that date in the Wall Street Journal, and generally defined therein as “the base rate on corporate loans posted by at least 75% of the nation’s 30 largest banks,” or if the Wall Street Journal is not published on a date for which such interest rate must be determined, the “prime rate” published in the Wall Street Journal on the nearest-preceding date on which the Wall Street Journal was published, or if the Wall Street Journal is no longer in publication, such other similar interest rate reasonably agreed to by the Parties, and (b) the highest rate permitted under applicable law.

IRS: United States Internal Revenue Service.

ITC or Investment Tax Credit: The investment tax credit established pursuant to Section 48 of the Tax Code, as it may be amended from time to time.

ITC Recapture Amount: The amount payable (determined on an after-tax basis) to the IRS by Seller (or its Affiliate, tax equity investor, tax credit purchaser or other ultimate user of ITCs or other Tax Benefits) under Tax Code §50(a) due to Seller’s ineligibility for all or a portion of ITC or such other Tax Benefits after such time as Seller, its Affiliate, tax equity investor, tax credit purchaser or such ultimate user has claimed the ITC or such other Tax Benefits.

kW: Kilowatt(s) of alternating current.

Law: Any statute, law, treaty, rule, regulation, ordinance, code, enactment, injunction, order, writ, decision, authorization, judgment, decree or other written legal or regulatory determination or restriction by a court or Governmental Authority of competent jurisdiction.

Land Lease Agreement: The agreement between SMUD and Seller specific to the leasing of the Project site by Seller.

Letter of Credit: One or more irrevocable, standby letters of credit issued by a Qualified Issuer in substantially the form set forth in Exhibit Q.



Losses: Has the meaning set forth in Section 7.4.1(a).

Maximum power (Pmax): The maximum power in MW delivered to the Delivery Point.

Measurement Period: Any two consecutive Contract Year period during the Delivery Term.

Modified Price Increase: Has the meaning provided in Section 3.6.3.

Monthly Operating Report: Has the meaning set forth in Section 2.4.4 and is similar to the form of report in Exhibit V.

Monthly Settlement Amount: Has the meaning set forth in Section 2.4.1(b).

Moody's: Moody's Investors Service, Inc., or any successor organization thereto.

MW: Megawatt(s) of alternating current.

MWh (Megawatt-hours): A unit of energy measurement corresponding to 1,000 kilowatt-hours.

NERC: The North American Electric Reliability Corporation, or any successor organization.

NERC Reliability Standards: The reliability standards for the Bulk Electric System of North America (as defined by NERC), including the applicable regional reliability standards, as in effect from time to time.

NERC Holidays: Days that NERC establishes as holidays.

Non-Defaulting Party: Has the meaning set forth in Section 7.2.2(a).

NP-15: The zone within the CAISO Balancing Authority Area designated as North of Path 15 by the CAISO for congestion settlement purposes.

NP-15 EZ Gen Hub Price: The day-ahead hourly locational marginal price as published by the CAISO for generator transactions in the NP-15 zone of the CAISO.

Option Notice: Has the meaning set forth in Section 18.1.

Outage Coordination Process: Has the meaning set forth in Section 6.4.

Party/Parties: SMUD and Seller are referred to individually as a "Party" and collectively as "Parties."

Performance Metrics: The Battery Storage Reliability Percentage and Availability Percentage for Project.

Permits: Permits, licenses, certificates, concessions, consents, waivers, exemptions, variances, franchises, orders, decrees, rights, registrations, submissions, determinations, authorizations, approvals, registrations, orders, and filings that are required for construction, ownership or operation of the Project.

Permitted Transfer:

- a) Foreclosure by any lender on the direct or indirect ownership interests in Seller (including a transfer in lieu of foreclosure or any transfer to a Qualified Transferee);
- b) Any direct or indirect transfer of equity interests in Seller in connection with a financing (including a tax equity financing) (for purposes of clarity, this does not prohibit or otherwise restrict any transfer of interests in the Project);



- c) Any direct or indirect transfer of this Agreement or equity interests in Seller to an Affiliate of Seller (including any investment fund or partnership for which an Affiliate of Seller is the managing member), provided that in the case of a transfer of this Agreement only, such Affiliate's creditworthiness is equal to or better than that of Seller;
- d) Any direct or indirect transfer of this Agreement or any equity interests in Seller to a Person succeeding to all or substantially all of the assets of Seller; or
- e) Any direct or indirect transfer of this Agreement or any equity interests in Seller to a Qualified Transferee.

Person: Any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization or Governmental Authority or any business entity whose existence is authorized by Law or by a Governmental Authority.

Planned Outage: An outage that has been scheduled in advance pursuant to the Outage Coordination Process, of one or more of the Project's components that results in a reduction of the ability of the Project to charge, store, and discharge Energy.

Plant Controller: A device or compilation of devices used to take inputs either directly or indirectly from the Transmission Provider, power system operator, or other affiliated group and provide outputs or feedback in the implementation of controls of the Project, and that has the ability to interface with the Supervisory Control and Data Acquisition (SCADA) System using industry standard protocol such as DNP3.0.

Point of Interconnection or POI: The specific location at the 230 kV disconnect switch, of the Rancho Seco Solar II 230 kV generation tie-line, inside the Rancho Seco 230 kV substation at which the Project interconnects with SMUD, as set forth in the LGIA.

Principles for Renewable Energy Development: Has the meaning set forth in Exhibit W.

Product: Product shall include all Discharging Energy, Annual Contract Capacity, Capacity Attributes (including but not limited to Resource Adequacy) and Ancillary Services, in each case which are or can be produced by or associated with the Project. All Product specified herein are provided at the Delivery Point, and Seller is responsible for all losses to the Delivery Point. Any energy product or feature that can be valued intrinsically or extrinsically is included in Product. For the avoidance of doubt, there are no products or energy-related attributes retained by Seller.

Project: Seller's energy storage project referenced in the recitals of this Agreement, described in Exhibit A, located at the Project site and including the mechanical equipment and associated facilities and equipment required to deliver Product, as such Project may be modified from time to time in accordance with the terms hereof.

Project Debt: The obligations of Seller or its Affiliates to any lender or tax equity investor pursuant to the Financing Documents, including principal of, premium and interest on indebtedness, fees, expenses or penalties, amounts due upon acceleration, prepayment or restructuring, swap or interest rate hedging breakage costs and any fees or interest due with respect to any of the foregoing plus an amount sufficient to ensure that the tax equity investor recovers the greater of (1) its investment balance under generally accepted accounting principles (as determined immediately prior to exercise of the applicable purchase option) and any investment tax credit recaptured as result of such exercise and (2) the amount necessary to allow all tax equity investors to achieve their hurdle rate required for the partnership flip to occur under any tax equity financing (or if any tax equity financing has a fixed date as the flip date, the amount necessary to allow all tax equity investors to achieve a rate of return equal to the rate of return used to determine the flip date under such tax equity financing).

Proposed Pre-Approved Price: Has the meaning provided in Section 3.6.4.



Proposed Price Increase: Has the meaning provided in Section 3.6.1.

Proposed Product Purchase Notice: Has the meaning provided in Section 2.3.2.

Proposed Product Sale Notice: Has the meaning provided in Section 2.3.2.

Prudent Utility Practice: Those practices, methods and acts that would be implemented and followed by prudent operators of battery storage facilities in the Western United States, similar to the Project, during the relevant time period, which practices, methods and acts, in the exercise of prudent and responsible professional judgment in the light of the facts known at the time the decision was made, could reasonably have been expected to accomplish the desired result consistent with prudent business practices, reliability, and safety. Seller acknowledges that the use of Prudent Utility Practice by Seller does not exempt Seller from any obligations set forth in this Agreement.

Prudent Utility Practice includes, at a minimum, those professionally responsible practices, methods and acts described in the preceding paragraph that comply with manufacturers' warranties, restrictions in this Agreement, the LGIA, the requirements of Governmental Authorities, and WECC Reliability Standards and NERC Reliability Standards. Prudent Utility Practice is not required to be the optimum practice, method or act to the exclusion of all others.

Prudent Utility Practice also includes taking reasonable steps in accordance with the first sentence of this definition to ensure that:

- a) Equipment, materials, resources, and supplies, including reasonable spare parts inventories, are available to meet the Project's needs;
- b) Sufficient operating personnel are available at all times and are adequately experienced and trained and licensed as necessary to operate the Project properly and efficiently, and are capable of responding to reasonably foreseeable emergency conditions at the Project and emergencies whether caused by events on or off the Project site;
- c) Preventive, routine, and non-routine maintenance and repairs are performed on a basis that is designed to ensure reliable, long-term and safe operation of the Project, and are performed by knowledgeable, trained, and experienced personnel utilizing proper equipment and tools;
- d) Appropriate monitoring and testing are performed for the purpose of ensuring equipment is functioning as designed;
- e) Equipment is not operated in a reckless manner, in violation of manufacturer's guidelines, warranty requirements, or in a manner unsafe to workers, the general public, or the connecting utility's Electric System or contrary to environmental laws, permits or regulations or without regard to defined limitations such as, flood conditions, safety inspection requirements, operating voltage, current, volt ampere reactive (VAR) loading, frequency, rotational speed, polarity, synchronization, and control system limits; and
- f) Equipment and components are designed and manufactured to meet or exceed the standard of durability that is generally used for battery storage facilities operating in the Western United States and to function properly over the full range of ambient temperature and weather conditions reasonably expected to occur at the Project site and under both normal and emergency conditions.



PTC or Production Tax Credit: The production tax credit established pursuant to Section 45 of the Tax Code, as it may be amended from time to time.

Purchase Option: Has the meaning set forth in Section 18.1.

Purchase Option Due Diligence Period: Has the meaning set forth in Section 18.2.

Purchase Price: Has the meaning set forth in Section 18.1.

Qualified Issuer: Has the meaning set forth in Section 8.1.

Qualified Transferee: A Person that (a) for the three (3) preceding years, has owned or operated (or had access to the expertise required to operate through committed management agreements with its Affiliates or through a committed operations and maintenance agreement with any Person) at least two hundred fifty (250) MW of battery energy storage facilities and (b) either itself or its direct or indirect parent, has (i) a tangible net worth of at least \$50,000,000 or (ii) a credit rating of “BBB-” or higher by S&P or “Baa3” or higher by Moody’s.

Ramp Rate: Has the meaning set forth in Exhibit M.

Real-Time Market: Has the meaning as defined in the CAISO Tariff.

Reimbursement and Waiver Agreement: That certain Reimbursement and Waiver Agreement by and between Seller and SMUD dated as of the Effective Date.

Reporting Period: Has the meaning set forth in Exhibit U.

Required Percentage: Ninety-five percent (95%).

Resource Adequacy: A requirement by a Governmental Authority or in accordance with its FERC-approved tariff, or a policy approved by a local regulatory authority, that is binding upon either Party and that requires such Party procure a certain amount of electric generating capacity.

Resource ID: Has the meaning set forth in the CAISO Tariff.

Round Trip Efficiency: Has the meaning set forth in Exhibit O.

Round Trip Efficiency Liquidated Damages: Has the meaning set forth in Exhibit O.

RTU: Has the meaning set forth in Section 5.3.1.

S&P: Standard & Poor’s Ratings Group, or any successor organization thereto.

Scheduled Commercial Operation Date or Scheduled COD: The planned Commercial Operation Date of the Project set forth in Exhibit A, as such date may be extended as provided in Section 2.3.7.

Scheduled Battery Storage: The applicable SMUD Setpoint for Charging Energy and/or Discharging Energy for each Dispatch Interval, not to exceed the Available Battery Storage Capacity.

Scheduling: The act of producing, or relating to the production of, a schedule for the delivery, production or use of Energy, Capacity, and/or transmission that is in compliance with NERC Scheduling (NERC tagging) requirements.

Scheduling Coordination Fee: Has the meaning set forth in Section 7.2.1.



Scheduling Coordinator: Has the meaning set forth in the CAISO Tariff.

Seller: The Party so identified in the preamble of this Agreement, and its successors and permitted assigns.

Settlement Period: Has the meaning set forth in Section 2.4.1(b).

SMUD: Sacramento Municipal Utility District, as so identified in the preamble of this Agreement, and its successors and permitted assigns.

SMUD Service Territory: The geographical area in which SMUD is the provider of distribution service. This includes virtually all of Sacramento County and a small part of neighboring Placer and Yolo Counties.

SMUD Setpoint: SMUD's Dispatch Instruction to Seller communicated through the SMUD MW control signal to the Plant Controller, or if SMUD's communication system is not operating properly, SMUD's Dispatch Instruction to Seller communicated through SMUD system operator's verbal instruction on a recorded phone line, followed up with a written log, clearly identifying the start time, end time, and MW value.

Solar Facility: 160 MW<sub>AC</sub> solar facility, commonly referred to as the Rancho Seco Solar II project, located at 14440 Twin Cities, Road, Herald, CA 95638, at the closed Rancho Seco Nuclear Plant.

Solar Facility Meter: The bi-directional revenue quality meter or meters, along with a compatible data processing gateway or remote intelligence gateway, telemetering equipment and data acquisition services sufficient for monitoring, recording and reporting, in real time, the amount of Energy produced by the Solar Facility. For clarity, (i) the Solar Facility will contain multiple measurement devices that will make up the Solar Facility Meter, and, unless otherwise indicated, references to the Solar Facility Meter shall mean all such measurement devices and the aggregated data of all such measurement devices, taken together, and (ii) the Solar Facility Meter will be located, and the Energy will be measured, at the low voltage side of the main step up transformer and will be subject to adjustment in accordance with any meter requirements of SMUD and Prudent Utility Practices to account for the applicable Electrical Losses and station service load.

State of Charge (SOC): The portion of Energy stored by the Project relative to the Available Battery Storage Capacity.

Station Service Load: The electric energy used by the Project to power the lights, motors, control systems and other auxiliary electrical loads that are necessary for operation of the Project, as applicable to the Project's battery storage system design. Station Service Load includes all power consumed on-site at the Project and Project substation, including the primary and backup source of auxiliary power and backfeed power. Station Service Load does not include transformer losses, line losses, gen-tie losses, power consumed at a SMUD substation, Charging Energy, or Discharging Energy. Examples of Station Service Load include: All inverter conversion systems for the Project, control systems, power supplies, lighting, control building HVAC, SCADA, telecommunication equipment, enclosure cooling for the Project, and 120v outlets.

Station Service Agreement: That certain Station Service Agreement by and between Seller and SMUD entered into as of the Effective Date of this Agreement.

Stored Energy Level: At a particular time, the amount of electric energy stored in the Project, expressed in MWh.

Surety Bond: A surety bond issued for the benefit of the SMUD that (i) is provided by an issuer duly licensed or authorized in the State of California to issue bonds for the limits required and (ii) is substantially in the form of Exhibit T or in a form reasonably acceptable to Seller and Buyer.

Suspension Date: Has the meaning set forth in Section 7.2.2(b)(ii).



**Tariff Rate:** The aggregate *ad valorem* tariff rate applicable to the Project equipment (inclusive of all import tariffs, cash deposits and import duties, stated as a percentage of the entered value of the Project equipment). For the avoidance of doubt, the Tariff Rate shall be determined by dividing (i) the sum of all import tariffs, cash deposits and import duties paid on all imported Project equipment by (ii) the total entered value of all imported Project equipment.

**Tax Benefits:** Any state, local and/or federal tax benefit or incentive, effective as of the Effective Date, including energy credits determined under Section 45 or 48 of the Tax Code, as it may be amended from time to time, ITCs, PTCs, depreciation, amortization, deduction, expense, exemption, preferential rate, and/or other tax benefit or incentive associated with the production of renewable energy and/or the operation of, construction, investments in or ownership of the Project (including any cash payment or grant).

**Tax Code:** United States Internal Revenue Code of 1986.

**Term:** Has the meaning set forth in Section 7.1.

**Termination Event:** Has the meaning set forth in Section 7.3.

**Termination Payment:** Has the meaning set forth in Section 7.4.

**Test Report:** Has the meaning set forth in Exhibit M.

**Third-Party SC:** Has the meaning set forth in Section 6.2

**Transfer:** Has the meaning set forth in Section 16.1.

**Transmission Provider:** An entity that directs the operation of a Transmission System and provides transmission service.

**Transmission System:** The relatively high voltage wires, transformers and related equipment owned or controlled by a particular electric utility or grid operator, and generally used to move bulk quantities of power between different electric utilities or from large electric generators to a utility's Distribution System; as opposed to being used to make final delivery of electric power to retail customers.

**Ultimate Parent:** DESRI Holdings, L.P., a Delaware limited partnership.

**WECC:** The Western Electricity Coordinating Council, which is the regional entity responsible for coordinating and promoting bulk electric system reliability in the western United States and western Canada, or any successor organization.

**WECC Reliability Standards:** The reliability standards for WECC, as in effect from time to time.

## **1.2 RULES OF INTERPRETATION**

In this Agreement, except as expressly stated otherwise or unless the context otherwise requires:

**1.2.1** headings and the rendering of text in bold and italics are for convenience and reference purposes only and do not affect the meaning or interpretation of this Agreement;

**1.2.2** words importing the singular include the plural and vice versa and the masculine, feminine and neuter genders include all genders;

**1.2.3** the words "hereof", "herein", and "hereunder" and words of similar import shall refer to this Agreement as a whole and not to any particular provision of this Agreement;



**1.2.4** a reference to an Article, Section, paragraph, clause, Party, or Exhibit is a reference to that Section, paragraph, clause of, or that Party or Exhibit to, this Agreement unless otherwise specified;

**1.2.5** a reference to a document or agreement, including this Agreement shall mean such document, agreement or this Agreement including any amendment or supplement to, or replacement, novation or modification of this Agreement, but disregarding any amendment, supplement, replacement, novation or modification made in breach of such document, agreement or this Agreement;

**1.2.6** a reference to a Person or entity includes that Person's or entity's successors and permitted assignees;

**1.2.7** the term "including" means "including without limitation" and any list of examples following such term shall in no way restrict or limit the generality of the word or provision in respect of which such examples are provided;

**1.2.8** references to any statute, code or statutory provision are to be construed as a reference to the same as it may have been, or may from time to time be, amended, modified or reenacted, and include references to all bylaws, instruments, orders and regulations for the time being made thereunder or deriving validity therefrom, unless the context otherwise requires;

**1.2.9** in the event of a conflict, a mathematical formula or other precise description of a concept or a term shall prevail over words providing a more general description of a concept or a term;

**1.2.10** references to any amount of money shall mean a reference to the amount in United States Dollars;

**1.2.11** a reference to a "day" is to a calendar day unless the context indicates otherwise;

**1.2.12** the expression "and/or" when used as a conjunction shall connote "any or all of";

**1.2.13** words, phrases or expressions not otherwise defined herein that (i) have a generally accepted meaning in Prudent Utility Practice shall have such meaning in this Agreement or (ii) do not have well known and generally accepted meaning in Prudent Utility Practice but that have well known and generally accepted technical or trade meanings, shall have such recognized meanings; and

**1.2.14** each Party acknowledges that it was represented by counsel in connection with this Agreement and that it or its counsel reviewed this Agreement and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement.

## **2. PROJECT; PURCHASE AND SALE OF PRODUCTS**

### **2.1 Project and Expected Capacity**

This Agreement governs SMUD's purchase of the Product from the Project as described in Exhibit A.

#### **2.1.1 Annual Contract Capacity**

The Annual Contract Capacity is shown in Exhibit A. Seller shall be permitted to modify, augment, overbuild and/or replace the Project and its equipment and components with other equipment and components, at



any time prior to or following Commercial Operation, so long as the Annual Contract Capacity, as measured at the Delivery Point, is not reduced. Notwithstanding the foregoing, at least ninety (90) days prior to the date on which Seller reasonably anticipates that Commercial Operation will occur, Seller will provide SMUD with a final version of Exhibit A, which shall identify any updates or changes to certain of the equipment and components set forth in Exhibit A as attached to this Agreement. During the Delivery Term, Seller may modify the Project and its equipment and components from time to time so long as Seller provides SMUD with reasonably prompt written notice setting forth any modifications to Exhibit A. Once provided by Seller, this Agreement shall be deemed amended to include such final or modified version of Exhibit A.

## **2.1.2 Project Configuration**

The Parties agree that the Project configuration will be initially “Co-located Resources”, consisting of separate CAISO Resource IDs for the Solar Facility and the Project. If requested by SMUD in writing not later than twelve (12) months prior to the Scheduled Commercial Operation Date, or during the Delivery Term following reasonable notice by SMUD to Seller, which notice shall be a minimum of three (3) months, and commensurate with the CAISO process for implementing the conversion from “Co-located Resource” to “Hybrid Resource”, or implement future conversions in accordance terms as specified herein, Seller shall exercise commercially reasonable efforts to convert the Project from a storage facility co-located with a solar facility to a Hybrid Resource with a single CAISO Resource ID in accordance with the CAISO Tariff, provided that such efforts and conversion (a) do not require Seller to incur any additional actual or potential obligations, liabilities or expenses (other than de minimis internal administrative expenses, including staff time and overhead) above a cap of \$10,000, unless SMUD agrees to compensate Seller for costs above \$10,000, (b) do not reduce Seller’s actual or expected compensation under this Agreement, unless SMUD agrees to compensate Seller for such reduction in actual or expected compensation, (c) do not require Seller to operate in a manner that is inconsistent with the Battery Storage Operating Restrictions unless agreed to by Seller in its sole discretion, and (d) are subject to the Parties’ mutual agreement on amendments to this Agreement that may be required to effectuate such conversion. Notwithstanding any of the above conversion conditions, Seller shall use commercially reasonable efforts to minimize costs and schedule duration associated with such conversion.

## **2.2 Product Purchased**

During the Delivery Term, Seller shall sell and deliver, or cause to be delivered, and SMUD shall purchase and receive, or cause to be received, Product in accordance with the terms of this Agreement. During the Delivery Term, all Product shall be supplied only from the Project and shall be supplied from the Project only to SMUD. Subject to Section 2.3.2 below, SMUD acknowledges that Seller shall have the right to supply Product from the Project to third parties upon the expiration or earlier termination of the Delivery Term.

## **2.3 Delivery Term, Delivery Point, and Commercial Operation**

### **2.3.1 Delivery Term**

The “**Delivery Term**” shall commence at the start of the hour ending 01:00 PST on the COD and shall expire at the completion of the hour ending 24:00 PST on the last day of the (i) twentieth (20<sup>th</sup>) Contract Year, unless this Agreement is terminated earlier as set forth herein, including for exercise of the Purchase Option; provided that either Party may extend the Delivery Term beyond the initial twenty (20) Contract Years for five (5) additional Contract Years (the “**Extended Term**”) by providing notice to the other Party within twelve (12) months prior to the end of the twentieth (20<sup>th</sup>) Contract Year; provided that an independent, licensed appraisal and valuation consultant that is mutually agreed upon by SMUD and Seller has determined that the Delivery Term and the Extended Term shall not extend for more than eighty percent (80%) of the estimated useful life of the Project and the estimated remaining residual value of the Project at the conclusion of the Extended Term shall be equal to at least twenty percent (20%) of the original cost of the Project.



### 2.3.2 Right of First Refusal

No later than twelve (12) months prior to the end of the twenty-fifth (25th) Contract Year, if Seller chooses to sell Product from the Project to any third party pursuant to an agreement with a term of one (1) year or longer after the expiration of the Delivery Term of the Project, Seller shall provide notice of such intended sale to SMUD ("**Proposed Product Sale Notice**"). Upon receipt of such Proposed Product Sale Notice, SMUD will have sixty (60) days in which to provide notice to Seller indicating SMUD's interest in negotiating with Seller to purchase Product from the Project, which notice shall include SMUD's proposed contract price for such continued purchase ("**Proposed Product Purchase Notice**"). If SMUD provides such Proposed Product Purchase Notice to Seller, then the Parties shall negotiate in good faith for a period of sixty (60) days from the date of SMUD's Proposed Product Purchase Notice to determine if they are able to reach mutual agreement on the terms and conditions of a sale to SMUD under a separate agreement after the end of the twenty-fifth (25th) Contract Year for the sale of Product. If SMUD does not timely provide a Proposed Product Purchase Notice to Seller or if the Parties are unable to agree upon the terms and conditions of any sale of such Product to SMUD within such sixty (60)-day negotiation period set forth above (subject to extension by mutual agreement), then, subject to SMUD's option to purchase the Project as provided in Section 18, Seller shall be free to negotiate for the sale of such Product from the Project to any third party thereunder. For the avoidance of doubt, Seller is not obligated to provide such Proposed Product Sale Notice if Seller determines in its reasonable discretion that sales to SMUD after the twenty-fifth (25th) Contract Year for Product would negatively impact its ability to qualify for the Investment Tax Credit, due to extension of the Delivery Term for the Project for more than eighty percent (80%) of the estimated useful life of the Project, or the estimated remaining residual value of the Project at the conclusion of the extended Delivery Term for the Project would be less than twenty percent (20%) of the original cost of the Project; and neither Party is obligated to enter into any agreement as a result of any negotiations after the Proposed Product Purchase Notice is provided; and this Section 2.3.2 shall be of no force and effect upon expiration of the applicable Delivery Term of the Project.

### 2.3.3 Scheduled Commercial Operation Date

The Scheduled Commercial Operation Date of the Project is shown in Exhibit A.

### 2.3.4 Requirements for Commercial Operation

Commercial Operation shall have been achieved when each of the following conditions have been satisfied or waived by the Parties ("**COD Conditions**"):

- a) The Required Percentage of the Annual Contract Capacity of the Project has been installed, fully commissioned, and satisfactorily completed all startup testing;
- b) An independent, professional engineer that is actively registered in California, has provided a certificate with a PE stamp, certifying that (i) the Required Percentage of the Annual Contract Capacity of the Project is installed and capable of charging and discharging Energy, and (ii) Seller has completed the Battery Storage Commercial Operation Test in accordance with Exhibit M.
- c) Seller has provided for and SMUD has successfully completed Pre-Commercial Operation Date Testing and Modifications as specified in Section 6, Appendix F and Appendix G of the LGIA;
- d) The Plant Controller (as defined in the LGIA) required pursuant to the LGIA is operational;
- e) Seller has provided documentation demonstrating a NERC Generator Owner (GO) registration and a NERC Generator Operator (GOP) registration are in process or



have been completed for the Project, such as a screenshot of the registration request demonstrating that the pertinent NERC registration is in process;

- f) Seller has provided official contact information, including direct telephone numbers and email addresses for the Project GOP's Control Center personnel and the corresponding Supervisor/Manager/Director responsible for the Control Center operations;
- g) A Permission To Operate (PTO) letter has been signed and executed by SMUD's Director of Grid Operations (consistent with Prudent Utility Practice and LGIA requirements), not to be unreasonably withheld, conditioned or delayed (it being understood and agreed that this condition shall be deemed to be achieved upon issuance of the permission to operate notice in accordance with Section 6 of the LGIA); and
- h) Seller has issued the COD Notice.

Seller shall issue a notice of Commercial Operation to SMUD when Seller believes that the Project has satisfied all COD Conditions (a "**COD Notice**"). A COD Notice shall include all necessary supporting documentation of the satisfaction or occurrence of all COD Conditions. SMUD shall have ten (10) Business Days to review the COD Notice and raise any reasonable objections to Seller's satisfaction of any COD Conditions; provided, however, that Seller's COD Notice shall be deemed accepted by SMUD if SMUD fails to object within such time period. The Commercial Operation Date will be the date upon which Seller submits its COD Notice to SMUD, unless SMUD timely objects to Seller's evidence of the COD Conditions, then the Commercial Operation Date will be the date upon which such evidence is provided to SMUD's reasonable satisfaction or is deemed to have been accepted by SMUD.

### **2.3.5 Commercial Operation Date Confirmation Letter**

Upon satisfaction of the COD Conditions, SMUD shall execute and then provide to Seller for execution, the "Commercial Operation Date Confirmation Letter." The fully executed version shall be attached as Exhibit E to this Agreement.

### **2.3.6 Payment for Delay of Commercial Operation; Extension of Scheduled COD**

If the Required Percentage of the Annual Contract Capacity of the Project fails to achieve Commercial Operation on or before the Scheduled Commercial Operation Date (as such date may be extended as provided herein) (the "**Delay LD Start Date**"), then Seller shall pay SMUD Delay Damages in the amount of \$300 per MW for each day following the Delay LD Start Date for each MW or portion thereof by which the Capacity of the Project that has been commissioned and capable of charging and discharging Energy is less than the Required Percentage of the Annual Contract Capacity until the earlier of (A) Commercial Operation, or (B) the Guaranteed Commercial Operation Date. The Parties agree that SMUD's receipt of Delay Damages shall be SMUD's sole and exclusive remedy for Seller's failure to achieve Commercial Operation prior to the Scheduled Commercial Operation Date.

The Scheduled Commercial Operation Date shall be extended on a day-for day basis and Seller shall not owe SMUD Delay Damages for any Excusable Delay, provided that the Parties shall exercise reasonable due diligence to overcome or mitigate the effects of any Excusable Delay. Within fifteen (15) Business Days of Seller providing written notice of any Excusable Delay to SMUD, SMUD shall provide a written acknowledgment of such notice.

### **2.3.7 Payment for Deficit Damages**

- a) If Seller achieves Commercial Operation with an Expected Battery Storage Capacity that is less than the Annual Contract Capacity, then Seller shall use



commercially reasonable efforts following the Commercial Operation Date to cause the remaining portion of the Annual Contract Capacity to achieve Commercial Operation. If Seller has not caused the delayed Capacity to achieve Commercial Operation on or before three hundred sixty-five (365) days after the COD, then Seller shall pay SMUD damages equal to the Battery Storage Capacity Shortfall multiplied by \$320,000/MW ("**Deficit Damages**"). However, if the reason for the Battery Storage Capacity shortfall is the result of permitting or local fire jurisdiction restrictions (e.g. reduced site size), not due to the breach of Seller, then Seller shall not be obligated to pay any Deficit Damages associated directly with the portion of Annual Contract Capacity not built because of such restrictions. Thereafter, the Annual Contract Capacity = will be reduced proportionately to account for the final Expected Battery Storage Capacity at the end of such three hundred sixty-five (365)-day period for all purposes under this Agreement. Thereafter, the Annual Contract Capacity will be equal to such final Expected Battery Storage Capacity for all purposes under this Agreement and all requirements and deliverables hereunder that are determined based upon the Annual Contract Capacity (including the required Delivery Term Security as set forth in Section 8.1) shall be reduced on a pro rata basis.

- b) Parties agree that SMUD's receipt of Deficit Damages shall be SMUD's sole and exclusive remedy for failure to achieve Commercial Operation with less than the Annual Contract Capacity.

### **2.3.8 Cap on Damages.**

Notwithstanding anything in this Agreement to the contrary, Delay Damages owed by Seller to SMUD hereunder shall not exceed the Development Security provided by Seller pursuant to Section 8.1.

### **2.3.9 Project Testing.**

Prior to the Commercial Operation Date, Seller shall schedule with SMUD and complete a commercial operation test that establishes the Expected Battery Storage Capacity of the Project, in accordance with Exhibit M ("**Battery Storage Commercial Operation Test**").

## **2.4 Payment for Product Purchased**

### **2.4.1 Settlement Payments**

- a) Once the Project has achieved Commercial Operation, SMUD shall pay Seller the Monthly Settlement Amount.
- b) Following the end of each calendar month ("**Settlement Period**"), Seller shall deliver to SMUD Seller's settlement calculations with respect to the Settlement Period within 25 days after the end of such Settlement Period. By 20 days after receipt of Seller's settlement calculation, SMUD shall deliver to Seller a settlement checkout statement which shall include a calculation of the Capacity Subtotal Payment (as defined below) as adjusted by the Performance Metrics for such Settlement Period. The total of such calculation shall be referred to herein as the "**Monthly Settlement Amount**". The Capacity Subtotal Payment for the Project shall be equal to the Contract Price multiplied by the Expected Battery Storage Capacity (the "**Capacity Subtotal Payment**"); and such payment shall cover payment for Product. The Monthly Settlement Amount shall be equal to the Capacity Subtotal Payment for the Project multiplied by the Battery Storage Reliability Percentage multiplied by the Availability Percentage for the Project, as demonstrated in the form below.



Contract Price	x	Expected Battery Storage Capacity	=	Capacity Subtotal Payment	x	Availability Percentage	x	Battery Storage Reliability Percentage	=	Total
\$				\$						\$
<b>Monthly Settlement Amount</b>										

- c) For purposes of the calculation of the Capacity Subtotal Payment, the Expected Battery Storage Capacity shall reflect the most recent Battery Storage Capacity Test results. SMUD shall pay the Monthly Settlement Amount with respect to such month on the 15<sup>th</sup> day of the second month following the relevant Settlement Period (or the next succeeding Business Day), subject to the provisions of this Section 2.4.1. Changes to the Expected Battery Storage Capacity shall become effective at the beginning of the next Settlement Period following such Battery Storage Capacity Test.
- d) A Party may in good faith, dispute the correctness or absence of any settlement or adjustment to a settlement rendered under this Agreement or adjust any settlement for any arithmetic or computational error within twenty-four (24) months after the settlement is rendered or any specific adjustment to the settlement is made. In the event a settlement or portion thereof, or any other claim or adjustment arising hereunder is disputed, payment of the undisputed portion of the settlement shall be required to be made when due in accordance with this Section 2.4.1, with notice of the objection given to the Party issuing such settlement. Any billing dispute or billing adjustment shall be in writing and shall state the basis for such dispute or adjustment. Payment of the disputed amount shall not be required until the dispute is resolved, however the Party in receipt of the dispute notice is required to respond to such dispute notice with reasonable supporting documentation no later than ten (10) Business Days following delivery of such notice. If it is determined that an adjustment to the settlement is appropriate or an underpayment was made, then such payment shall be required to be made within ten (10) Business Days of such determination along with interest accrued at the Interest Rate from and including the due date to but excluding the date paid. Overpayments by a Party shall, at the option of the Party making such overpayment, be returned upon request or deducted by the Party receiving such overpayment from subsequent payments, with interest accrued at the Interest Rate from and including the date of such overpayment to but excluding the date repaid or deducted by the Party receiving such overpayment. Any dispute with respect to a settlement is waived unless the other Party is notified in accordance with this Section 2.4.1 within twenty-four (24) months after the settlement is rendered or any specific adjustment to the settlement is made.
- e) The final monthly settlement checkout statement shall set forth, as applicable, (1) the Monthly Settlement Amount; and (2) any other fees, charges or other amounts due and owing to Buyer pursuant to this Agreement.
- f) Either Party may offset the payment due to the other Party under this Agreement against the amounts owing from such other Party to the offsetting Party pursuant to this Agreement.



#### **2.4.2 Title and Risk of Loss**

Title to and risk of loss related to the Product produced from the Project shall transfer from Seller to Buyer at the Delivery Point. Seller warrants that it will deliver all Product from the Project free and clear of all liens, security interests, claims and encumbrances or any interest therein or thereto by any Person arising.

#### **2.4.3 SMUD Metering**

All Charging Energy from the grid and all Discharging Energy shall be measured at, or as of, the Point(s) of Interconnection as defined in the LGIA. All Charging Energy from the Solar Facility shall be measured at, or as of, the Solar Facility Meter. Consistent with the metering diagram set forth in Exhibit P, metering shall occur at the Battery Storage Meter and the Solar Facility Meter, respectively, and shall account for Electrical Losses between the meter location and the Point of Delivery. SMUD shall have the right, but not the obligation, to read the Project's meters on a daily basis.

#### **2.4.4 Capacity Testing**

The Expected Battery Storage Capacity is the result of the most recent Battery Storage Capacity Test, which shall be performed as described in Exhibit M ("**Expected Battery Storage Capacity**") and in a manner consistent with the Battery Storage Operating Restrictions. The Battery Storage Capacity Test will be performed upon request by either Party, when SMUD system conditions can allow for such testing, as reasonably determined by SMUD, not less than one (1) test every Contract Year, and not more than one (1) test per calendar quarter, except for (a) a single retest of each original test within approximately seven (7) days of the original test, or (b) not more than one (1) test per calendar month at the request of either Party if such Party reasonably determines that the Capacity of the Project has failed to conform to at least ninety five percent (95%) of the Annual Contract Capacity, and reasonably determined that the capacity of the Project deviates by more than three percent (3%) of the Expected Battery Storage Capacity, respectively, for more than five (5) days and continues to fail to conform, in each case when SMUD system conditions can allow for such testing.

#### **2.4.5 Availability Determination & Reporting**

Seller shall generate a comprehensive operating report for each month, containing Seller's record of Availability for the Project at the POI, utilizing data originating from the Availability System of Record, and the monthly report generated by the operations & maintenance provider of the Project, unless Buyer agrees to utilize data from an alternate system ("**Monthly Operating Report**"). The Monthly Operating Report shall be substantially in the form attached herein as Exhibit V. The timing of the Monthly Operating Report shall be synchronized with the monthly settlement process, and due to Buyer by the twenty-fifth (25<sup>th</sup>) day following the end of the Settlement Period, in support of the Monthly Settlement Amount pursuant to Section 2.4.1. Buyer and Seller shall discuss and resolve any disputes involving the Monthly Operating Report by the fifth (5<sup>th</sup>) day of the second month following the end of the Settlement Period, in accordance with Section 2.4.1.b. The final Monthly Operating Report shall be used as part of the Monthly Settlement Amount determination in Section 2.4.1.

#### **2.4.7 Battery Storage Availability**

Within forty-five (45) days after the end of each Contract Year, Seller shall submit its determination of the Annual Average Battery Storage Availability from the Availability System of Record.

#### **2.4.8 Round Trip Efficiency**

Within forty-five (45) days after the end of each Contract Year, Seller shall submit its calculation of the Round Trip Efficiency in accordance with Exhibit O. During the Delivery Term, the Project shall maintain a



Round Trip Efficiency of no less than the Guaranteed Round Trip Efficiency. If the Round Trip Efficiency following the Annual Battery Storage Capacity Test is less than the Guaranteed Round Trip Efficiency, then Seller shall pay Round Trip Efficiency Liquidated Damages, as defined and determined in accordance with Exhibit O. Such Round Trip Efficiency Liquidated Damages shall be SMUD's sole and exclusive remedy for Seller's failure to satisfy the Guaranteed Round Trip Efficiency. For the avoidance of doubt, Round Trip Efficiency Liquidated Damages shall only be calculated from data obtained during an Annual Battery Storage Capacity Test conducted within thirty (30) days after the end of each Contract Year.

### **3. ENERGY MARKETS, CONVEYANCE OF CAPACITY ATTRIBUTES**

#### **3.1 Conveyance of Capacity Attributes**

Seller shall provide to SMUD any attestation SMUD reasonably requires in order for SMUD to show evidence that it has procured the Capacity Attributes associated with the Project in accordance with the procedure in Exhibit F. At SMUD's reasonable request, provided that no such request may impose any material additional costs on Seller, Seller shall execute such documents and instruments as may be reasonably required to affect recognition and transfer of the Capacity Attributes.

#### **3.2 Reporting of Ownership of Capacity Attributes**

Seller shall not report to any person or entity that the Capacity Attributes sold and conveyed hereunder to SMUD belong to anyone other than SMUD, and SMUD may report under any such program that such Capacity Attributes purchased hereunder belong to it.

#### **3.3 Modification of Capacity Attribute Conveyance Procedure**

SMUD may revise Exhibit F as appropriate, give written notice to Seller regarding the revision, and issue a new Exhibit F which shall then become part of this Agreement, provided that no such modification may impose any material additional costs or obligations on Seller, reduce Seller's compensation hereunder, or impair Seller's ability to perform its obligations under this Agreement, in order to reflect changes necessary in the Capacity Attribute conveyance procedure for SMUD to be able to receive and report the Capacity Attributes purchased under this Agreement as belonging to SMUD.

In no event will such revised Exhibit F cause Seller to incur any category of cost for which it is not already otherwise responsible under this Agreement without prior notice by SMUD and agreement of the Parties as to the appropriateness of such cost belonging with Seller.

#### **3.4 Energy Market Participation**

The Parties acknowledge and agree that as of the date hereof, SMUD is participating in the EIM and/or other energy markets. The Parties have agreed to a structure in this Agreement to facilitate SMUD's use of the Project to participate in such markets. Notwithstanding anything herein to the contrary, SMUD's joining or continued participation in such markets shall not require Seller to perform any additional measures or incur any additional or increased cost, liability or obligation, in each case other than what Seller is already otherwise expressly obligated under this Agreement, unless compensated by SMUD. If in the future, market rules or policies change, then without limiting Seller's and SMUD's rights under Section 3.4, the Parties shall meet and confer to discuss the new market rules and whether updates to the scheduling, settlements, or other procedures are required and to preserve the economic "benefit of the bargain" to both Parties to this Agreement.

#### **3.5 Change in Law, Energy Market Participation and Capacity Attributes**

**3.5.1** The Parties agree that expenditures to comply with the obligations set forth in this Article 3 that Seller shall bear with respect to energy market participation or the conveyance of Capacity Attributes to SMUD ("**Compliance Expenditures**") shall be capped at a total



of \$150,000 per Contract Year and \$2,000,000 in the aggregate over the Delivery Term of the Project ("**Compliance Expenditure Cap**").

**3.5.2** If a change in Law occurs after the Effective Date that affects Seller's compliance with its obligations under this Article 3, Seller shall not be in breach of such obligations if Seller has used commercially reasonable efforts to comply with such change in Law as it pertains to such obligations. For purposes of this Section 3.5.2, the term "commercially reasonable efforts" shall not require additional out-of-pocket expenditures in the aggregate in excess of the Compliance Expenditure Cap in complying with the changes in Law described in this Section 3.5.2 unless SMUD and Seller have agreed in writing for SMUD to reimburse Seller for or to pay directly such excess expenditures.

**3.5.3** Within thirty (30) days after the end of each calendar quarter during the Delivery Term for the Project, Seller shall provide SMUD with a report describing the Compliance Expenditures that Seller incurred during that calendar quarter and the total Compliance Expenditures incurred during the Contract Year that includes such calendar quarter. Prior to incurring Compliance Expenditures that are anticipated to exceed \$150,000, Seller shall notify SMUD of such expected Compliance Expenditures. Following such notice, the Parties shall attempt to agree to limit such Compliance Expenditures to the extent practicable; provided, however, that nothing herein limits Seller's right to incur Compliance Expenditures that Seller believes in good faith must be incurred for Seller to comply with its obligations under this Agreement, as long as the above notification provisions are met. If Seller determines that costs in excess of the Compliance Expenditure Cap will have to be incurred, then Seller shall notify SMUD and provide documentation and calculations to support the expected excess costs. Within thirty (30) Business Days of Seller's delivery of such notice, SMUD may then: (1) approve the expected excess costs and notify Seller of such approval, and Seller shall comply upon receipt of notice of SMUD's approval and SMUD's payment for the expected excess costs (such costs, "**Accepted Compliance Expenditures**"); or (2) elect not to pay Seller for the expected excess costs and notify Seller of such decision, in which case this Agreement shall continue in full force and effect and Seller shall continue to be excused from performing any obligation that causes, or would cause, the incurrence of such Compliance Expenditures in excess of the Compliance Expenditure Cap. SMUD is not required to reimburse Seller for any Compliance Expenditures unless and until SMUD agrees to the expected Compliance Expenditures in excess of the Compliance Expenditure Cap. To the extent that SMUD has not agreed to reimburse, or has not reimbursed, Seller for any Accepted Compliance Expenditures, then SMUD is deemed to have waived Seller's obligation that causes, or would cause, the incurrence of such Compliance Expenditures in excess of the Compliance Expenditure Cap and (x) Seller will not be in default under this Agreement for failure to satisfy any such obligation and (y) payments to Seller under this Agreement during the entirety of the Delivery Term will not decrease as a result of such change in Law and will be maintained as if all such obligations were taken.

### **3.6 Change in Tariff and Change in Tax Law**

- 3.6.1 If a Change in Tariff or a Change in Tax Law occurs before the Commercial Operation Date, Seller may deliver written notice to Buyer proposing an increase in the Contract Price to reasonably reflect, as applicable, (x) the increase in the total costs over the remaining useful life of the Project during the Term directly attributable to such Change in Tariff or (y) the economic value of the lost Tax Benefits over the remaining useful life of the Project during the Term directly attributable to such Change in Tax Law, as reasonably calculated by Seller using a discount rate, not to exceed six percent (6%), that reflects Seller's good faith estimate of Seller's cost of capital (a "**Proposed Price Increase**"). Any Proposed Price Increase shall (a) be limited to the economic impact to the Project resulting from such Change in Tariff or Change in Tax Law, (b) exclude general market fluctuations or other unrelated cost increases and (c) be supported by documentation which reasonably demonstrates the economic impact to the Project of such



Change in Tariff or Change in Tax Law.

- 3.6.2 Within fifteen (15) Business Days of Seller's delivery of a Proposed Price Increase, Buyer shall provide written notice to Seller that (a) Buyer accepts the Proposed Price Increase or (b) Buyer rejects the Proposed Price Increase (which will include an explanation of Buyer's reasonable objections to the Proposed Price Increase) and requests that the Proposed Price Increase be submitted for review by KPMG, Deloitte, PwC, or EY (the "**Independent Evaluator**"). Within ten (10) Business Days after Buyer's request to submit the Proposed Price Increase to an Independent Evaluator, Seller will select the Independent Evaluator. Buyer shall have ten (10) Business Days after Seller's selection of the Independent Evaluator to confirm that such Independent Evaluator is acceptable (such confirmation not to be unreasonably withheld, conditioned, or delayed). If Buyer fails to respond to Seller regarding the selection of the Independent Evaluator within such ten (10) Business Day period, then Buyer shall be deemed to have accepted the Independent Evaluator proposed by Seller. If Buyer objects to the selection of the Independent Evaluator within such ten (10) Business Day Period, then the selection of the Independent Evaluator shall be resolved pursuant to Article 20.
- 3.6.3 Seller shall provide the applicable Independent Evaluator a copy of the Proposed Price Increase and any supporting documentation reasonably requested by the Independent Evaluator. The Independent Evaluator shall be directed to complete its review and verification of the Proposed Price Increase and deliver a written determination to the Parties as soon as reasonably practicable, but no later than ten (10) Business Days after the Independent Evaluator receives all documentation that is reasonably required to deliver its written determination. With respect to any Proposed Price Increase directly resulting from a Change in Tariff, the Independent Evaluator shall complete its review and verification of the Proposed Price Increase after the applicable Project equipment has been imported into the United States. The Independent Evaluator's written determination shall include its proposed increase to the Contract Price, which, in the opinion of the Independent Evaluator, represents an accurate increase in the Contract Price to reasonably reflect, as applicable, (x) the increase in the total costs over the remaining useful life of the Project during the Term directly attributable to such Change in Tariff or (y) the economic value of the lost Tax Benefits to Seller directly attributable to such Change in Tax Law over the remaining useful life of the Project during the Term, using a discount rate, not to exceed six percent (6%), that reflects the Independent Evaluator's good faith estimate of Seller's cost of capital (the "**Modified Price Increase**").
- 3.6.4 Notwithstanding anything to the contrary in this Section 3.6, if Seller delivers a Proposed Price Increase directly resulting from a Change in Tariff, Buyer hereby pre-approves any Proposed Price Increase resulting in the Contract Price being no greater than \$ [REDACTED] kW-month (the "Proposed Pre-Approved Price"), subject to the Independent Evaluator's determination pursuant to Section 3.6.3. If the Independent Evaluator's Modified Price Increase would result in the Contract Price being no greater than \$ [REDACTED] kW-month, then the Contract Price shall be automatically increased by such Modified Price Increase. If the Independent Evaluator's Modified Price Increase would result in the Contract Price being greater than \$ [REDACTED] kW-month, then Seller may elect to (x) set the Contract Price at the Proposed Pre-Approved Price or (y) terminate this Agreement on a "no-fault" basis. Following any termination of this Agreement pursuant to this Section 3.6.4, neither Party shall have any liability or obligation to the other Party arising out of such termination, and Buyer shall return to Seller the full amount of Development Security then outstanding in favor of Buyer within five (5) Business Days following such termination.



## **4. INTERCONNECTION; TELEMETERING; STORAGE DISPATCH**

### **4.1 Interconnection Agreement**

Seller shall execute the LGIA with SMUD at the same time as execution of this Agreement. The LGIA specifies the obligations of the parties thereto with respect to the construction, operation and maintenance of certain interconnection facilities.

### **4.2 Station Service Load**

Station Service Load for the Project shall be governed by the Station Service Agreement. The use of Energy charged, stored, or discharged by the Project for any Station Service Load other than the battery auxiliary load is prohibited. The amount of metered Charging Energy delivered by SMUD and measured at the Battery Storage Meter and the amount of Discharging Energy delivered to SMUD and measured at the Battery Storage Meter shall not be separately adjusted to reflect Station Service Load, other than the battery auxiliary load.

### **4.3 No Additional Loads**

Seller shall not connect any loads not associated with Station Service Load at the location of the Project in a manner that would reduce the Energy provided from the Project to SMUD hereunder. Seller shall obtain separate retail electric service under existing tariffs for the service of any such additional loads. Retail electric service may be obtained from SMUD or other retail electric service provider for the Project site, as applicable.

### **4.4 Charging Energy Management**

**4.4.1** Upon receipt of a valid Charging Notice, Seller shall take all actions necessary to allow Charging Energy to be delivered to the Project in accordance with the SMUD Setpoint. SMUD shall be responsible for arranging, managing, purchasing, scheduling and paying all costs and charges, including any CAISO market costs and charges, associated with all of the Charging Energy for the Project in accordance with the terms of this Section 4.4 and the Battery Storage Operating Restrictions. SMUD shall be responsible for delivery of, and shall be deemed in control of, Charging Energy to and at the Delivery Point, and Seller shall be responsible for accepting and transferring, and shall be deemed in control of, Charging Energy from the Delivery Point to the Project. Seller shall be responsible for delivering all Discharging Energy to the Delivery Point in accordance with the SMUD Setpoint. SMUD shall be responsible for accepting and transferring all Discharging Energy at and from the Delivery Point.

**4.4.2** SMUD will have the right to charge the Project seven (7) days per week and twenty-four (24) hours per day (including holidays), by providing Charging Notices to Seller electronically, subject to the availability of the Project and the requirements and limitations set forth in this Agreement, including the Battery Storage Operating Restrictions and the provisions of Section 4.4.1. Each Charging Notice issued in accordance with this Agreement will be effective unless and until SMUD modifies such Charging Notice by providing Seller with an updated Charging Notice.

**4.4.3** Seller shall not charge the Project during the Delivery Term other than (a) pursuant to a valid Charging Notice, (b) in connection with a Battery Storage Capacity Test or other test required in accordance with Prudent Utility Practices, or (c) pursuant to a notice from SMUD under the LGIA, or any Governmental Authority. If, during the Delivery Term, Seller (i) charges the Project to a Stored Energy Level greater than the Stored Energy Level provided for in the Charging Notice or (ii) charges the Project in violation of the first sentence of this Section 4.4.3, then (A) Seller shall be responsible for all energy costs



associated with such charging of the Project, and (B) SMUD shall be entitled to discharge such energy and entitled to all of the benefits (including Product) associated with such discharge.

**4.4.4** SMUD will have the right to discharge the Project seven (7) days per week and twenty-four (24) hours per day (including holidays), by providing Discharging Notices to Seller electronically, subject to the availability of the Project and the requirements and limitations set forth in this Agreement, including the Battery Storage Operating Restrictions. Each Discharging Notice issued in accordance with this Agreement will be effective unless and until SMUD modifies such Discharging Notice by providing Seller with an updated Discharging Notice.

**4.4.5** The Plant Controller shall automatically determine the amount of Charging Energy or Discharging Energy based on the SMUD Setpoint.

Notwithstanding any other provision of this Agreement, **at any and all times** the Project may not be, and SMUD shall not issue any instruction, order, Charging Notice, Discharging Notice or other communication requesting or requiring the Project to be charged, discharged, or operated in any manner which results in, or gives rise to any inconsistency with the Battery Storage Operating Restrictions, or any inconsistency with or breach of the Interconnection Agreement; and in the event of any conflict or inconsistency between the Battery Storage Operating Restrictions or the other terms of this Agreement, the Battery Storage Operating Restrictions will prevail.

**4.4.6** If requested by SMUD, Seller and SMUD shall enter into good faith discussions to amend this Agreement to modify the Battery Storage Operating Restrictions in Exhibit J and to make any related amendments. Each Party acknowledges and agrees that this Section 4.4.6 does not create any legally binding obligation on either Party to enter into such amendment.

## **4.5 Telemetry**

The Project will require telemetry equipment connected to SMUD's energy management system ("**EMS**") including the CAISO automated Dispatch system (ADS) as provided in the Data Points List in Appendix G of the LGIA.

# **5. PERMITTING; STANDARD OF CARE; OPERATIONS; CURTAILMENT**

## **5.1 Permitting**

With the exception of the CEQA Addendum and any permits required in connection with any Transmission Provider interconnection facilities, Seller shall be responsible for securing all discretionary permits (including land use and building permits) and any other regulatory approvals required for the Project.

## **5.2 Standard of Care**

Seller shall pay and be responsible for designing, installing, operating, and maintaining the Project in accordance with all applicable Laws and Prudent Utility Practice. Seller acknowledges SMUD's Principles for Renewable Energy Development as expressed in Exhibit W. Seller will provide, implement, and maintain throughout the Term, a Community Benefits Plan that addresses how the Project will achieve the key objectives identified in Exhibit W. Prior to start of construction of the Project, Seller shall provide the Community Benefits Plan to SMUD for review and approval.



Seller shall: (a) operate and maintain the Project in a safe manner in accordance with Prudent Utility Practice and (b) maintain any governmental authorizations and Permits required for the construction and operation thereof.

SMUD shall: (a) operate and maintain its Transmission System in a safe manner in accordance with Prudent Utility Practice and all applicable Laws, as such Laws may be amended from time to time; and (b) maintain any governmental authorizations and Permits required for the construction and operation thereof.

### **5.3 Dispatchability**

Subject to the terms of this Agreement and the Availability of the Project as specified in accordance with the Outage Coordination Process, Seller shall at all times follow the SMUD Setpoint and respond to Dispatch Instructions from SMUD, as provided for in Section 4.4 and this Section 5.3.

**5.3.1** Subject to the foregoing and subject to the Battery Storage Operating Restrictions, Seller grants SMUD the authority to Dispatch the charging or discharging of the Project from 0% to 100% of nominal capability up to the Annual Contract Capacity, by sending a control signal to the Project's Plant Controller for a specific level of power dispatch (MW), at any time as reflected in the SMUD Setpoint. Seller shall install a Plant Controller with the ability to accept a control signal from SMUD's Energy Management System (EMS) through a local SMUD remote terminal unit ("RTU") to dispatch the Project. The Plant Controller shall run in mutually exclusive local or remote control modes. In local control mode, controller modes and setpoints can be selected by an operator from the plant SCADA. In remote control mode, controller modes and setpoints are selected via the SMUD remote terminal unit. Transition between local and remote modes shall be initiated by the SMUD operator via SMUD's EMS. In remote control mode the controller shall track remote setpoint and provide seamless transitioning from remote to local control mode.

**5.3.2** The Plant Controller shall have the capability to limit the instantaneous energy delivered to the Point of Interconnection by the Project to not higher than the Interconnection Capacity Limit. When the Plant Controller detects that the instantaneous energy delivered to the Point of Interconnection is higher than the Interconnection Capacity Limit, the Plant Controller shall take automatic action to immediately reduce the Discharging Energy from the Project such that the instantaneous energy delivered to the Point of Interconnection is no more than the Interconnection Capacity Limit.

**5.3.3** Active power ramp rate control shall provide for the transition between charge or discharge levels at a controlled ramp rate. The controller shall support a ramp rate in compliance with LGIA requirements.

**5.3.4** Battery Dispatchability control accuracy shall be better than a +/- 2 MW average over a five (5) minute interval. Seller shall provide SMUD evidence of this accuracy upon SMUD's request.

**5.3.5** Notwithstanding any other provision of this Agreement, the Project shall not be required to comply with any instructions, requests or directions for the Project to perform or operate in a manner inconsistent with the Battery Storage Operating Restrictions. For the avoidance of doubt, Seller shall not be required to adhere to SMUD's instruction to charge or discharge the Project in the case of:

- a) An Emergency Condition;
- b) Any abnormal situation or condition that in the reasonable judgment of Seller, is imminently likely to cause a material adverse effect on the security of, or damage to, the Project or the Interconnection Customer Interconnection Facilities. System restoration or black start shall be considered an Emergency



Condition; provided, however, the Project shall not be obligated to possess black start capability;

c) Any direction, instruction, or order given by RC West (whether directly or through the scheduling coordinator or SMUD) for warnings of an Emergency Condition, or imminent condition or situation, which jeopardizes SMUD's Electric System or other Electric System integrity or the integrity of other systems to which they are connected, or any warning, forecast, or anticipated over-generation conditions, including a request to manage over-generation conditions;

d) Any direction, instruction or order given by SMUD or the Transmission Provider for reasons to prevent equipment damage, loss of load, abnormal voltage conditions, or any warning, forecast or anticipation of conditions or situations that jeopardize SMUD's or Transmission Provider's system integrity or due to scheduled or unscheduled maintenance or construction on SMUD's or Transmission Provider's transmission or distribution facilities that prevent the SMUD from receiving or Seller from delivering Energy at the Delivery Point; or

e) Any discharge instruction that would cause curtailment of the Solar Facility.

#### **5.4 Definitive Agreements**

Concurrently with the execution of this Agreement, the Parties are executing the other Definitive Agreements. Neither Party shall have any liability, and each Party shall be excused from its performance obligations under this Agreement, to the extent that such Party fails to perform due to the failure of the other Party to perform its obligations under the Definitive Agreements.

In the event that one of the Definitive Agreements is terminated as a result of a default by SMUD or Seller thereunder, the non-defaulting Party under such Definitive Agreement may terminate this Agreement; provided that such non-defaulting Party shall not be entitled to multiple monetary remedies as a direct payment to the non-defaulting Party for the same damages caused by such breaches under the Definitive Agreements. Under these circumstances, the non-defaulting Party shall have all remedies available to it at law and in equity, including the right to terminate this Agreement except where such remedies are limited hereunder or under any other Definitive Agreement. For purposes of clarity, nothing in this paragraph shall limit or affect the defaulting Party's requirement, if any, to undertake any applicable non-monetary actions (e.g. corrective action) under the Definitive Agreements.

### **6. SCHEDULING; OUTAGES; ACCESS RIGHTS**

#### **6.1 Scheduling**

The Project is interconnected to the SMUD Service Territory, and SMUD will optimize the dispatch, or contract with a third party for optimization of Energy for use in its Scheduling process; provided that all such optimization must be consistent with the Battery Storage Operating Restrictions. SMUD shall (1) be responsible for all costs, charges and penalties associated with SMUD's bidding and scheduling rights under this Agreement for Scheduling of the Project's Products, and all imbalance energy costs, charges and penalties and (2) be entitled to all revenues assessed or provided associated with SMUD's bidding and scheduling of the Project's Products.



## 6.2 Scheduling Coordinator; CAISO Settlements

SMUD shall be the Scheduling Coordinator for scheduling services for the Project, and for both the delivery and receipt of the Product at the Delivery Point, or contract with a third party for Scheduling Coordinator responsibilities (any such third party, a **“Third-Party SC”**). The Scheduling Coordinator requirements include, but are not limited to, SMUD's participation in the CAISO's EIM and day-ahead market or other energy markets. As between Seller and SMUD, SMUD is responsible for all acts and omissions of any Third-Party SC and for all cost, charges and liabilities incurred by Third-Party SC to the same extent that SMUD would be responsible under this Agreement for such acts, omissions, costs, charges and liabilities if taken, omitted or incurred by SMUD directly. Seller shall have no liability to a Third-Party SC for any reason under this Agreement. SMUD (as the Scheduling Coordinator) shall be responsible for all settlement functions with the CAISO related to the Project, and shall submit bids to the CAISO in accordance with this Agreement, the applicable CAISO Tariff, protocols and scheduling practices for Product on a day-ahead, hour-ahead, fifteen-minute market, real-time or other market basis that may develop after the Effective Date, as determined by Buyer consistent with the CAISO Tariff.

### 6.2.1 Scheduling Coordinator Fee

As consideration for Buyer's services as Scheduling Coordinator, Seller shall pay Buyer a fee for Scheduling equal to \$100,000 per Contract Year (**“Scheduling Coordination Fee”**). This fee shall escalate at an annual rate of two percent (2.0%), as shown in Exhibit G, commencing on the first day of the second Contract Year and continuing throughout the Delivery Term or until the earlier termination of this Agreement. The pro rata share of the Scheduling Coordination Fee will be included with each monthly settlement statement. The amount owed by Seller to Buyer under this section for services rendered may be set off from amounts owed by Buyer to Seller.

## 6.3 Energy Imbalance Market – EIM or other

SMUD participates in the EIM, and the Parties acknowledge that the Project will be an EIM Participating Resource and such participation will incur imbalance deviation charges. Extensions of the EIM into the Extended Day-Ahead Market (EDAM) may result in additional imbalance deviations, the responsibility for which shall be governed by Section 6.1.

## 6.4 Outage Coordination

Seller shall comply with SMUD's Outage Coordination Process. All electrical or mechanical testing of the Project, or related facilities that may have an impact on Availability or could result in a change to the normal state of the facility, shall be coordinated with SMUD in accordance with current, as of the Effective Date (subject to Section 6.7), version of “SMUD Transmission Generation Outage Coordination Process” posted to the smud.org website under “Interconnection Information” to ensure bulk power system reliability in accordance with Federal standards (**“the Outage Coordination Process”**).

## 6.5 Planned Outages

Planned Outages may only be taken upon thirty (30) days written notice to SMUD and SMUD approval. Seller shall use commercially reasonable efforts to not schedule or take any Planned Outages from 6:00 a.m. through 10:00 p.m. Pacific Prevailing Time during the months of June through September unless required by Prudent Utility Practice or applicable Law. Seller shall use commercially reasonable efforts in accordance with Prudent Utility Practice to minimize the frequency and actual duration of Planned Outages and optimize the availability of Energy from the Project. Seller shall provide Planned Outage notifications in accordance with the Outage Coordination Process. Seller is allowed to perform maintenance on the system after peak hours from 12:00 AM to 5:00 AM without penalty to the Availability calculation upon SMUD's approval of the Planned Outage request, not to be unreasonably withheld, conditioned or delayed. Seller is allowed to perform maintenance on two (2) medium voltage transformers as long as it does not impact the Annual Contract Capacity of the Project at a time during this period, at any time of day upon



SMUD's approval of the Planned Outage request, not to be unreasonably withheld, conditioned or delayed. SMUD has the right to cancel or terminate the Planned Outage, at least twenty-four (24) hours prior to such Planned Outage, early for system emergency conditions.

## **6.6 Forced Outages**

Seller shall provide Forced Outage notifications in accordance with the Outage Coordination Process. When Seller desires to return the Project to service, Seller shall notify SMUD of the same. SMUD shall use commercially reasonable efforts to accommodate the return to service as soon as practicable after such request; provided that SMUD shall permit the Project to return to service no later than the estimated time of return. When Seller provides notice to SMUD that Seller desires to return the Project to service and the Project is actually capable of returning to service, the Project shall be deemed to be available for all purposes under this Agreement, notwithstanding any delay caused by SMUD.

## **6.7 Modification of Outage Coordination Process**

SMUD may, from time to time, revise the Outage Coordination Process by providing reasonable notice to Seller, in accordance with Prudent Utility Practice, prior to the effectuation of such change, provided that no change to the Outage Coordination Process shall (i) require Seller to incur costs or suffer liabilities other than de minimis administrative internal costs or (ii) impair Seller's ability to perform its obligations under this Agreement.

## **6.8 Access Rights**

SMUD, its authorized agents, employees and inspectors, upon advance notice to Seller and at their own cost and expense and subject to Section 11.2, shall have the right to reasonably, periodically visit the Project site and inspect the Project in accordance with the Definitive Agreements.

# **7. TERM, TERMINATION EVENT AND TERMINATION**

## **7.1 Term**

The term of this Agreement (the "**Term**") shall commence upon the last execution by the duly authorized representatives of each of SMUD and Seller, and shall remain in effect until the conclusion of the Delivery Term, unless terminated sooner pursuant to the terms of this Agreement. All indemnity rights shall survive the termination of this Agreement for twelve (12) months.

## **7.2 Events of Default; Remedies**

**7.2.1** An "**Event of Default**" shall mean, with respect to a Party (a "**Defaulting Party**"), the occurrence of any of the following:

- a) the Defaulting Party fails to make, when due, any payment required under this Agreement if such failure is not remedied within ten (10) days after receipt of notice from the Non-Defaulting Party;
- b) any representation or warranty made by such Defaulting Party herein is false or misleading in any material respect when made, and such failure is not cured within thirty (30) days after receipt of notice from the Non-Defaulting Party, or such longer period not to exceed sixty (60) days if the failure is not capable of being cured within such thirty (30) days with the exercise of reasonable diligence, so long as the Defaulting Party has commenced and is diligently pursuing a cure during such initial thirty (30)-day period;



- c) the Defaulting Party fails to perform any material covenant or obligation set forth in this Agreement (except to the extent constituting a separate default under this Section 7.2.1 or otherwise has a specific remedy provided in this Agreement), if such failure is not remedied within thirty (30) days of receipt of notice from the Non-Defaulting Party, or such longer period not to exceed ninety (90) days if the failure is not capable of being cured within such thirty (30) days with the exercise of reasonable diligence, so long as the Defaulting Party has commenced and is diligently pursuing a cure during such initial thirty (30)-day period; and/or
- d) the Defaulting Party becomes Bankrupt.

### 7.2.2 Remedies

- a) Termination for Default. Except as otherwise expressly provided in this Agreement, an Event of Default by a Defaulting Party, the other Party (the “**Non-Defaulting Party**”) shall have the right to (a) terminate this Agreement by providing notice of such termination to the Defaulting Party, which termination shall be effective on a day no earlier than five (5) days after such notice is deemed to be received (as provided in Section 14) and no later than twenty (20) days after such notice is deemed to be received (as provided in Section 14) and, except as provided in Section 7.3 to the contrary, the Defaulting Party shall pay the Non-Defaulting Party a Termination Payment calculated in accordance with Section 7.4, or (b) pursue any other remedies available at law or in equity, including where appropriate, specific performance or injunctive relief, except to the extent such remedies are expressly limited under this Agreement. If the Non-Defaulting Party fails to terminate this Agreement under clause (a) of this paragraph by notice to the Defaulting Party within six (6) months following the Non-Defaulting Party’s notice of an Event of Default, then the Non-Defaulting Party shall be deemed to have waived its rights to terminate this Agreement pursuant to clause (a) of this paragraph with respect to such Event of Default. If the Non-Defaulting Party elects to terminate this Agreement under clause (a) of this paragraph, then the sole and exclusive remedy available to the Non-Defaulting Party shall be the Termination Payment calculated in accordance with Section 7.4. Notwithstanding any provision herein to the contrary, if Seller commits an Event of Default under this Agreement prior to the Commercial Operation Date, SMUD’s sole and exclusive remedy in respect of such Event of Default shall be to terminate this Agreement and retain the Development Security then-held by SMUD pursuant to Section 8.1 of this Agreement (less any Delay Damages already paid by Seller).
- b) Suspension.
  - i) Duty to Mitigate Damages. In addition to (and without limiting) the remedies for an Event of Default otherwise available at law or in equity, during the existence of an Event of Default, the Non-Defaulting Party shall use commercially reasonable efforts to mitigate the damages incurred as a result of such Event of Default.
  - ii) Right to Suspend. In addition, during the existence of an Event of Default, the Non-Defaulting Party may, by notice to the Defaulting Party, suspend (the date of such notice, the “**Suspension Date**”) in whole or in part its payment (excluding accrued payment obligations prior to such Suspension Date) or performance under this Agreement, in either case, not to exceed thirty (30) days.



- iii) Responsibility for damages during Suspension. Such suspension shall not relieve the Defaulting Party of its obligations to pay damages arising out of such Event of Default.
  - iv) Resumption of Performance Following Suspension. After the Defaulting Party's cure of such Event of Default, and provided there is no other Event of Default by such Defaulting Party then occurring and this Agreement has not been terminated, the Non-Defaulting Party will resume performance of its obligations under this Agreement.
- c) Termination or Suspension without Cause. Except for the rights to terminate and suspend expressly set forth in this Agreement, neither Party shall have any right to terminate this Agreement or suspend its performance for any reason.

### **7.3 Termination Rights**

SMUD shall have the right but not the obligation to terminate this Agreement, in whole or in part, if any of the following occur, each of which is a **"Termination Event"**:

#### **7.3.1 Failure to achieve Commercial Operation**

If the Required Percentage of the Annual Contract Capacity of the Project does not achieve Commercial Operation by the Guaranteed COD for a reason other than an Excusable Delay, Buyer has the right but not the obligation to terminate this Agreement and Seller liability is capped at the sum of the Development Security minus the amount of any Delay Damages that have been paid.

If the Required Percentage of the Annual Contract Capacity of the Project does not achieve Commercial Operation by the Guaranteed COD as a result of an Excusable Delay and the delay in Commercial Operation exceeds one (1) year, either Party may terminate this Agreement, SMUD and Seller shall have no further liability under this Agreement, and SMUD shall return any security provided by Seller; provided that the foregoing does not excuse SMUD from any liability under this Agreement associated with an Excusable Delay that is a default under this Agreement or that is caused by the negligence of SMUD.

If an Excusable Delay results in Seller's failure to meet the "Commercial Operation Date" milestone under the Interconnection Agreement, and as a result the Interconnection Agreement is terminated, either Party may terminate this Agreement, SMUD and Seller shall have no further liability under this Agreement and SMUD shall return any security provided by Seller; provided that the foregoing does not excuse SMUD from any liability under this Agreement associated with an Excusable Delay that is a SMUD default under this Agreement or that is caused by the negligence of SMUD.

To exercise the right to terminate, the terminating Party shall provide the other Party with a ten (10) day advance written notice. If Seller achieves the Commercial Operation Date prior to the end of the ten (10) day notice period, SMUD shall not exercise its right to terminate the Agreement.

#### **7.3.2 Failure to sell or deliver Product**

If, after the Commercial Operation Date, Seller has not sold or delivered Product from the Project to SMUD for a period of twelve (12) consecutive months, except due to Force Majeure events and/or SMUD breaches that prevent or excuse Seller from delivering Product, then SMUD shall have the right to terminate this Agreement.

#### **7.3.3 Availability below Requirements**

Beginning on the first day of the second full Contract Year of this Agreement, and annually thereafter, if the Annual Average Battery Storage Availability during any Measurement Period is less than the respective



Battery Storage Availability Requirement, then, subject to the cure rights set forth below, SMUD shall have the right to terminate this Agreement.

Notice of such termination for this Event of Default shall be given in writing a minimum of sixty (60) days prior to the effectiveness of such termination and within one hundred twenty (120) days following the end of the second of the applicable two (2) Contract Years.

SMUD's ability to exercise such termination right in respect of any Measurement Period shall be deferred for up to one year if Seller has reasonably demonstrated to SMUD, and is actively implementing in good faith, a cure plan for any such failure as described below.

A cure plan may include, but is not limited to, the addition of batteries to the system at Seller's sole expense. A cure plan that reasonably shows the Project's ability to achieve the Battery Storage Availability Requirement in that current Measurement Period must be submitted to SMUD within sixty (60) days of Seller's receipt of SMUD's notice of termination. SMUD shall then have thirty (30) days after receipt of the cure plan to inform Seller in writing of any reasonable objections to the cure plan. SMUD's non-objection to, or requested modifications to, Seller's cure plan does not waive SMUD's termination rights in the event that Seller does not remedy the Annual Average Battery Storage Availability by the end of the following Contract Year. Any disagreements regarding the cure plan will be resolved in accordance with the dispute resolution provisions in Section 20 hereof.

#### **7.3.4 Termination of Land Lease or LGIA**

If the Land Lease Agreement is terminated for a "Tenant" default pursuant to the terms of such agreement, or if Seller elects to terminate the LGIA and/or Land Lease Agreement under the terms of those agreements, this Agreement shall terminate automatically without any further action of the Parties, effective upon the date of the subject agreement termination.

#### **7.3.5 Notice of Termination Event**

If a Termination Event has occurred, SMUD shall have the right to: (a) send notice, designating a day, no earlier than five (5) days after such notice is deemed to be received (as provided in Section 14) and no later than twenty (20) days after such notice is deemed to be received (as provided in Section 14) (unless, in each case, a longer notice period is set forth in Section 7.3), as an early termination date of this Agreement ("**Early Termination Date**") unless the Parties have agreed to resolve the circumstances giving rise to the Termination Event; (b) except for a termination pursuant to Section 7.3.1 or as elsewhere provided in this Agreement to the contrary, calculate the Termination Payment in accordance with Section 7.4 owed in connection with such Termination Event; and (c) terminate this Agreement and end the Delivery Term effective as of the Early Termination Date. With respect to any Termination Event prior to the Commercial Operation Date, including pursuant to Section 7.3.1, Seller's sole and exclusive liability and SMUD's sole and exclusive remedy aside from terminating this Agreement shall be the forfeiture of Seller's Development Security to SMUD less any Delay Damages already paid by Seller.

### **7.4 Termination Payment Calculation**

If a Termination Event occurs or if this Agreement is terminated following a breach or default as provided in Section 7.2 of this Agreement, in each case ultimately resulting in termination of this Agreement, a "**Termination Payment**" shall be determined in accordance with this Section 7.4. Notwithstanding any provision herein to the contrary, prior to the Commercial Operation Date, the Termination Payment shall be zero dollars (\$0.00).

**7.4.1** The Termination Payment payable by the Defaulting Party to the Non-Defaulting Party shall equal: (i) Non-Defaulting Party's Losses as calculated under Section 7.4.1(a) below and discounted to present value as set forth under Section 7.4.1(d) below; plus (ii) Non-Defaulting Party's Costs as calculated under Section 7.4.1(e) below; minus (iii) Non-



Defaulting Party's Gains as calculated under Section 7.4.1(b) below and discounted to present value as set forth under Section 7.4.1(d) below; which will then be aggregated with any amounts owed to the Non-Defaulting Party as of the Early Termination Date. If the Termination Payment as so calculated would be less than zero, it shall be deemed to be zero, provided that notwithstanding anything herein to the contrary, each Party shall compensate the other Party for amounts due in respect of prior performance rendered under this Agreement.

- a) The Parties intend that Non-Defaulting Party's "**Losses**" shall be the present value of the economic loss (exclusive of Costs), if any, resulting from the termination of this Agreement, determined in a commercially reasonable manner as calculated in accordance with this Section 7.4. The Losses, if any, suffered by Non-Defaulting Party shall be determined by comparing the value of the remaining Term, applying the Annual Contract Capacity, as shown in Exhibit A, multiplied by twelve (12), multiplied by the Contract Price for each year of the remaining Term under this Agreement had it not been terminated, against the market price of equivalent replacement Product. For clarity, if SMUD is the Non-Defaulting Party, the Non-Defaulting Party's Losses equal the amount by which the market price of replacement Products exceeds the Contract Price therefor, and if Seller is the Non-Defaulting Party, the Non-Defaulting Party's Losses equal the amount by which the Contract Price hereunder exceeds the market price of such replacement Products, less the expenses saved by Seller due to SMUD's default (if any), which includes, but is not limited to, the cost of production of the Products.
- b) The Parties intend that Non-Defaulting Party's "**Gains**" shall be the present value of the economic benefit (exclusive of Costs), if any, resulting from the termination of this Agreement, determined in a commercially reasonable manner as calculated in accordance with this Section 7.4. The Gains, if any, received by Non-Defaulting Party shall be determined by comparing the value of the remaining Term, applying the Annual Contract Capacity, as shown in Exhibit A, multiplied by twelve (12), multiplied by the Contract Price for each year of the remaining Term under this Agreement had it not been terminated, against the price of equivalent replacement Product. For clarity, if SMUD is the Non-Defaulting Party, the Non-Defaulting Party's Gains equal the amount by which the Contract Price hereunder exceeds the price of equivalent replacement Product, and if Seller is the Non-Defaulting Party, the Non-Defaulting Party's Gains equal the amount by which the price of equivalent replacement Product exceeds the Contract Price therefor, plus the expenses saved by Seller due to SMUD's default (if any), which includes, but is not limited to, the cost of production of the Product.
- c) To ascertain the market price of a replacement contract, Non-Defaulting Party may consider, among other valuations, quotations from leading dealers in capacity contracts, and other bona fide third party offers, all adjusted for the length of the remaining Term and differences in transmission. It is expressly agreed that Non-Defaulting Party shall not be required to enter into replacement transactions in order to determine the Termination Payment. For the avoidance of doubt, if this Agreement is terminated as a result of a SMUD Event of Default and the Interconnection Agreement is also terminated, then the Parties agree it shall be reasonable for Seller to assume no replacement sales will occur in calculating the Termination Payment and therefore, in calculating Seller's Loss, the "market price of replacement Products" shall be deemed to be zero.
- d) The Losses calculated under paragraph (a) and Gains calculated under paragraph (b) shall be discounted to present value using a reasonably appropriate market discount rate for the Non-Defaulting Party as of the time of termination (to take into



account the period between the time notice of termination was effective and when such amount would have otherwise been due pursuant to this Agreement).

- e) Non-Defaulting Party's "**Costs**" shall be calculated as the sum of the brokerage fees, commissions and other similar transaction costs and expenses reasonably incurred in terminating and replacing this Agreement (if applicable), including, reasonable transmission costs associated with any replacement contract, if any, incurred in connection with Non-Defaulting Party enforcing its rights with regard to this Agreement. Non-Defaulting Party shall use reasonable efforts to mitigate or eliminate Costs. Consistent with Section 20.2, each Party shall pay and be responsible for their own attorney fees.
- f) The Non-Defaulting Party shall add any amounts owed by the Defaulting Party to the Non-Defaulting Party as of the Early Termination Date as part of the Termination Payment calculation. The Non-Defaulting Party may set-off any amounts owing by the Non-Defaulting Party to the Defaulting Party as of the Early Termination Date against the Termination Payment so that all such amounts are aggregated and/or netted to a single amount. The net amount due to or from the Non-Defaulting Party shall be paid within thirty (30) Business Days following the effective date of termination, or, if the Parties disagree regarding the calculation of the Termination Payment, the date that the calculation of the Termination Payment is resolved pursuant to Section 7.4.2 below.
- g) In no event, however, shall the calculation of Loss or Costs include any penalties or similar charges imposed by the Non-Defaulting Party.

**7.4.2** If the Defaulting Party reasonably disagrees with the calculation of the Termination Payment and the Parties cannot otherwise resolve their differences, the calculation issue shall be resolved in accordance with Section 20 of this Agreement.

## **8. CREDITWORTHINESS**

### **8.1 Project Development and Delivery Term Security**

Within ten (10) Business Days of the Effective Date, Seller shall provide security in the amount equal to the product of \$45/kW<sub>AC</sub> multiplied by the Annual Contract Capacity, in the form of: (a) cash or (b) letter of credit from a Qualified Issuer, to be maintained until the start of the Delivery Term ("**Development Security**").

Prior to commencement of the Delivery Term, Seller shall provide security in the amount equal to the product of \$75/kW<sub>AC</sub> multiplied by the Annual Contract Capacity at COD, in the form of: (a) cash, (b) surety bond in a form reasonably acceptable to Buyer or (c) letter of credit, and either (b) or (c) shall be from a Qualified Issuer ("**Delivery Term Security**"), and SMUD shall return the Development Security provided pursuant to this Section 8.1 to Seller. Seller shall maintain the Delivery Term Security for the duration of the Delivery Term.

No lien or other security will be required and SMUD's recourse against Seller shall be limited to the security provided.

"**Qualified Issuer**" is (A) with respect to a letter of credit, a major U.S. commercial bank or a U.S. branch of a foreign bank that, at the time of delivery of a letter of credit, (i) has a combined capital surplus of \$10,000,000,000 and (ii) has a senior unsecured long-term credit rating of at least "A-" by S&P or "A3" by Moody's or (iii) is reasonably acceptable to Buyer, and (B) with respect to a Surety Bond, an issuer rated not lower than A-/IX by the A.M. Best Company. If Qualified Issuer fails to meet the foregoing capital surplus and unsecured long-term credit rating requirements, Seller must provide replacement security.



## **9. RESERVED**

## **10. FORCE MAJEURE**

### **10.1 Effect of Force Majeure**

Buyer or Seller, as the case may be, shall be excused from performance under this Agreement to the extent, but only to the extent, that performance hereunder is prevented or delayed by an act or event of Force Majeure. The Party invoking Force Majeure shall exercise due diligence to overcome or mitigate the effects of such an act or event of Force Majeure; *provided*, however, that nothing in this Agreement shall be deemed to obligate the Party invoking Force Majeure (a) to forestall or settle any strike, lock-out or other labor dispute against its will; or (b) for Force Majeure affecting Seller only, to purchase electric power to cure the event of Force Majeure.

### **10.2 Notice of Force Majeure**

In the event of any delay or nonperformance resulting from an event of Force Majeure, the Party invoking Force Majeure shall, as soon as practicable under the circumstances, notify the other Party in writing of the nature, cause, date of commencement thereof and the anticipated extent of any delay or interruption in performance.

### **10.3 Termination Due to Force Majeure Event**

If a Party is prevented from performing its material obligations under this Agreement for a period of twelve (12) consecutive months or longer due to Force Majeure, the unaffected Party may terminate this Agreement, without liability of either Party to the other, upon thirty (30) days written notice at any time during the Force Majeure event.

## **11. INDEMNITY**

### **11.1 Indemnity by Seller**

Seller shall defend, release, indemnify and hold harmless SMUD, its directors, officers, employees, agents, and representatives against and from any and all losses, claims, demands, liabilities and expenses, actions or suits, including reasonable costs and attorney's fees, resulting from, or arising out of or in any way connected with claims by third parties associated with the acts or omissions of Seller, its directors, officers, employees, contractors, agents and representatives relating to: (i) the Energy delivered at the Delivery Point; (ii) Seller's operation and/or maintenance of the Project; or (iii) this Agreement; excepting only such loss, claim, action or suit to the extent caused by the willful misconduct or gross negligence of SMUD, its agents, employees, directors or officers.

### **11.2 Indemnity by SMUD**

SMUD shall defend, release, indemnify and hold harmless Seller, its directors, officers, employees, agents, and representatives against and from any and all losses, claims, demands, liabilities and expenses, actions or suits, including reasonable costs and attorney's fees resulting from, or arising out of or in any way connected with claims by third parties associated with acts or omissions of SMUD, its directors, officers, employees, contractors, agents, invitees and representatives, relating to: (i) the Energy delivered by Seller under this Agreement after the Delivery Point, (ii) SMUD's operation and/or maintenance of its Electric System; or (iii) this Agreement; excepting only such loss, claim, action or suit to the extent caused by the willful misconduct or gross negligence of Seller, its agents, employees, directors or officers.



## **12. LIMITATION OF DAMAGES**

EXCEPT AS OTHERWISE PROVIDED IN THIS AGREEMENT THERE IS NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND ANY AND ALL IMPLIED WARRANTIES ARE DISCLAIMED. LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY; SUCH DIRECT ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED UNLESS EXPRESSLY HEREIN PROVIDED. EXCEPT WITH REGARD TO INDEMNIFICATION OF THIRD PARTY CLAIMS IN ACCORDANCE WITH SECTION 11, NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT, OR OTHERWISE. UNLESS EXPRESSLY HEREIN PROVIDED, AND SUBJECT TO THE PROVISIONS OF SECTION 11, IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE. THE TERMINATION PAYMENT UNDER SECTION 7.4.1 IS NOT SUBJECT TO THE LIMITATION OF DAMAGES PROVISION SET FORTH IN THIS SECTION 12. THE PARTIES EXPRESSLY ACKNOWLEDGE AND AGREE THAT THE LIMITATION OF DAMAGES PROVISIONS CONTAINED IN THIS SECTION 12 WILL NOT LIMIT THE RECOVERY BY SELLER OF DAMAGES BASED ON THE VALUE OF ANY ITC (AS DEFINED IN DEFINITIONS) OR OTHER TAX BENEFITS THAT ARE LOST, UNAVAILABLE, DISALLOWED, REDUCED OR RECAPTURED AND ITC RECAPTURE AMOUNTS (AS DEFINED IN DEFINITIONS) THAT ARE REQUIRED TO BE REPAID, DETERMINED ON AN AFTER-TAX BASIS, BY SELLER, SELLER'S DIRECT OR INDIRECT OWNERS, A LENDER, A TAX EQUITY INVESTOR, A TAX CREDIT PURCHASER OR TRANSFEROR OR ANY OF THEIR AFFILIATES DUE TO AN EVENT OF DEFAULT BY SMUD THAT SELLER HAS NOT BEEN ABLE TO MITIGATE AFTER USE OF COMMERCIALY REASONABLE EFFORTS (WHICH SUCH AMOUNTS WILL BE DEEMED TO BE DIRECT DAMAGES RECOVERABLE BY SELLER).

## **13. REPRESENTATION AND WARRANTIES; COVENANTS**

### **13.1 Representations and Warranties**

On the Effective Date, each Party represents and warrants to the other Party that:

**13.1.1** It is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation;

**13.1.2** The execution, delivery and performance of this Agreement is within its powers, have been duly authorized by all necessary action and do not violate any of the terms and conditions in its governing documents, any contracts to which it is a party or any law, rule, regulation, order or the like applicable to it;

**13.1.3** This Agreement and each other document executed and delivered in accordance with this Agreement constitutes its legally valid and binding obligation enforceable against it in accordance with its terms;

**13.1.4** It is not Bankrupt and there are no proceedings pending or being contemplated by it or, to its actual knowledge, threatened against it which would result in it being or becoming Bankrupt;

**13.1.5** There are not pending or to its actual knowledge threatened legal proceedings against it or any of its affiliates that could materially adversely affect its ability to perform its obligations under this Agreement; and



**13.1.6** It is acting for its own account, has made its own independent decision to enter into this Agreement and as to whether this Agreement is appropriate or proper for it based upon its own judgment, is not relying upon the advice or recommendations of the other Party in so doing, and is capable of assessing the merits of, and understands and accepts, the terms, conditions and risks of this Agreement.

### **13.2 General Covenants**

Each Party covenants that throughout the Term of this Agreement:

**13.2.1** It shall continue to be duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation;

**13.2.2** It shall maintain (or obtain from time to time as required, including through renewal, as applicable) all regulatory authorizations necessary for it to legally perform its obligations under this Agreement; and

**13.2.3** It shall perform its obligations under this Agreement in a manner that does not violate any of the terms and conditions in its governing documents, any contracts to which it is a party or any law, rule, regulation, order or the like applicable to it.

### **13.3 SMUD Representations and Warranties**

**13.3.1** As of the Effective Date and throughout the Delivery Term, SMUD represents and warrants to Seller that:

**13.3.2** SMUD is subject to claims and to suit for damages in connection with its obligations under this Agreement pursuant to and in accordance with the laws of the State of California applicable to municipal utility districts;

**13.3.3** SMUD is a "local public entity" as defined in Section 900.4 of the Government Code of the State of California.

## **14. NOTICES**

Notices shall, unless otherwise specified herein, be in writing and may be delivered by hand delivery, United States mail, overnight courier service, facsimile or electronic messaging (e-mail). Whenever this Agreement requires or permits delivery of a "notice" (or requires a Party to "notify"), the Party with such right or obligation shall provide a written communication in the manner specified below. A notice sent by facsimile transmission or email will be recognized and shall be deemed received on the Business Day on which such notice was transmitted if received before 5 p.m. Pacific prevailing time (and if received after 5 p.m., on the next Business Day) and a notice by overnight mail or courier shall be deemed to have been received two (2) Business Days after it was sent or such earlier time as is confirmed by the receiving Party unless it confirms a prior oral communication, in which case any such notice shall be deemed received on the day sent. A Party may change its addresses by providing notice of same in accordance with this provision. All written notices shall be directed as shown in Exhibit I. Either Party may request a change to Exhibit I as necessary to keep the Exhibit I information current without amendment to this Agreement.

## **15. RESERVED**



## 16. ASSIGNMENT

**16.1** There shall be no Change of Control of any interest in the Project or sale, transfer or assignment of this Agreement (collectively, a “**Transfer**”) without the prior written consent of the other Party, which consent shall not be unreasonably withheld; provided, however;

**16.1.1** A Transfer of (i) this Agreement or (ii) any direct or indirect ownership interests in Seller, in each case to any lender or its designee as collateral for any financing or refinancing of the Project, shall not constitute an assignment, Change of Control or Transfer requiring the consent of SMUD under this Agreement. Any such Transfer shall not relieve Seller of its obligations under this Agreement arising prior to the effective date of such Transfer. To facilitate Seller’s obtaining of financing in connection with the Project, SMUD shall provide such consents to assignments, certifications, estoppels, opinions, representations, information or other documents as may be reasonably requested by Seller or the lenders in connection with the debt or tax equity financing of the Project, as applicable; provided that in responding to any such request, SMUD shall have no obligation to (a) provide any consent, certification, representation, information or other document, or enter into any agreement, that materially and adversely affects, or that could reasonably be expected to have or result in a material adverse effect on, any of SMUD’s rights, benefits, risks and/or obligations under this Agreement (other than terms customary in connection with the applicable financing) or (b) incur any unreimbursed third-party expense. Seller shall reimburse or shall cause the lender(s) to reimburse, SMUD for the incremental direct third party expenses (including the reasonably documented fees and expenses of SMUD’s counsel) incurred by SMUD in the preparation, negotiation, execution and/or delivery of any documents requested by Seller or the lenders, and provided by SMUD, pursuant to this Section 16.1.1. Upon written request of Seller, SMUD will negotiate a Consent and Agreement substantially in the form attached herein as Exhibit K and/or an Estoppel substantially in the form attached herein as Exhibit L, in each case between Seller and Seller’s lender and/or tax equity investor and as such form may be modified to reflect reasonable changes requested by Seller, Seller’s lender and/or tax equity investor.

**16.1.2** Without limitation as to other reasonable grounds for withholding consent, the Parties hereby agree that it shall be reasonable under this Agreement and under any applicable Law for SMUD to withhold consent to any proposed Transfer, where at the time of the Transfer, the assignee is not concurrently assuming all of the future obligations under the LGIA as well as the future obligations under this Agreement; provided that if Seller is not in default under the this Agreement and notwithstanding the foregoing, no consent shall be required for any Permitted Transfer. Any such Transfer shall not relieve Seller of its obligations under this Agreement arising prior to the effective date of such Transfer. Notwithstanding the foregoing, to the extent not prohibited by applicable Law, Seller shall, within thirty (30) days prior to such Transfer, provide SMUD with written notice of any Transfer permitted under this Section, which notice shall identify the transferee and contain evidence that the transferee has assumed or will assume all of the obligations under this Agreement arising after the date of the Transfer, and reasonable proof that the Transfer qualifies as an exempt transfer under this Section. The term “Affiliate” as used herein means, with respect to Seller, any corporation or limited liability company that directly or indirectly controls, is controlled by, or is under common control with, Seller.

## 17. [Reserved]



## 18. PROJECT PURCHASE OPTION

Seller hereby grants to SMUD the right and option to purchase all of Seller's right, title and interest in and to the Project and Product pursuant to the terms set forth herein.

**18.1** SMUD shall have the option (the "**Purchase Option**") to terminate this Agreement and purchase from Seller the Project and Products for the greater of (a) the Fair Market Value of the Project and Product, as described in Section 18.6 and (b) the amount of Project Debt as of the date of the issuance of the Purchase Option (the "**Purchase Price**"), in accordance with this Article 18. SMUD may exercise the Purchase Option upon (i) the eighth (8th) or twelfth (12th) anniversary of the Commercial Operation Date, or (ii) the expiration of the Delivery Term. In the event that SMUD desires to exercise the Purchase Option, SMUD shall deliver to Seller a notice indicating SMUD's intent to exercise the Purchase Option (an "**Option Notice**") on or before the date which is no less than six (6) months prior to the eighth (8th) or twelfth (12th) anniversary of the Commercial Operation Date (the "**8 and 12-year Purchase Options**"), or no less than six (6) months prior to the end of the Delivery Term (the "**Final Purchase Option**"), respectively.

**18.2** For a period of six (6) months following delivery of the Option Notice with respect to the 8 and 12-year Purchase Options and the Final Purchase Option (the "**Purchase Option Due Diligence Period**"), SMUD and its representatives shall have the right to conduct any and all due diligence which SMUD may reasonably deem necessary with respect to the Project and Product. Seller shall, during the Purchase Option Due Diligence Period, make available to SMUD and its representatives full access to the Project, related title work, surveys, contracts, data and records and operating personnel ("**Full Access**"). The Purchase Option Due Diligence Period will be extended day-for-day to the extent that, due to Seller's default, Force Majeure or any other reason not attributable to Seller, Full Access cannot be provided.

**18.3** SMUD and Seller shall execute a purchase and sale agreement under which Seller will sell and SMUD, or its assignee, will purchase the Project at a closing for the purchase and sale of the Project (the "**Closing**") to be held on a date which is within six (6) months following the 8 or 12-year Purchase Option, or Final Purchase Option, as applicable, (the "**Closing Date**") at a location selected by SMUD.

**18.4** Between the date of the Option Notice and the Closing Date, Seller may not take any actions that would materially adversely affect the Project site, the Project and Products or SMUD's interest in purchasing the Project and Product. Under this Agreement, among other standard provisions, effective as of the Closing:

**18.4.1** Seller shall transfer the purchased Project and any related Product to SMUD on an as-is, where-is basis, and Seller shall not be required to make any representations or warranties with regard to such Project and Product; *provided, however*, that Seller shall remove any encumbrances placed on the purchased Project and Products by Seller at Seller's expense. No such transfer shall relieve Seller of any liability whatsoever arising from the violation, breach or default by Seller of this Agreement, any transferred contract, transferred permit, transferred intellectual property or other transferred asset, or resulting from any act or omission by Seller that occurred prior to the Closing Date.

**18.4.2** Seller shall transfer the purchased Project and any related Product to SMUD, free and clear of all liens and encumbrances. Seller shall assign and transfer to SMUD all of its right, title and interest in the following: (a) all raw materials, consumables and spare parts, in each case, to the extent relating to the purchased Project and related Product; (b) all tangible personal property to the extent relating to the purchased Project and related Product; (c) all intangible personal property, including permits, patents, patent licenses, patent applications, trade names, trademarks, trademark registrations and applications therefore, trade secrets, copyrights, know-how, secret formulae and any other intellectual property rights, in each case, to the extent exclusively used by Seller in the operation of



the purchased Project and related Product; (d) all buildings and fixtures to the extent relating to the purchased Project and related Product; (e) computerized and non-computerized records, reports, data, files, and information, in each case, to the extent exclusively used by Seller in the operation of the purchased Project and related Product; (f) all design, construction and equipment warranties and guarantees related to the purchased Project and related Product in which Seller has any remaining rights against engineers, contractors, suppliers, equipment manufacturers or other persons; and (g) all permits and entitlements; (h) any and all interests in real property associated with the purchased Project. Notwithstanding this Section 18.4.2, Seller shall have the right to retain copies of, and shall have the right to use, any and all records, reports, data, files and information assigned and transferred by Seller to SMUD pursuant to Section 18.4.2(e) for its internal business use, which may include by way of illustration and not be way of limitation: (i) use in accordance with Seller's standard document retention policies; (ii) responding to or otherwise complying with regulatory audits or requests; (iii) responding to third party due diligence requests; (iv) complying with applicable Laws; (v) responding to or defending third party claims or allegations; or (vi) enforcing, defending or interpreting Seller's rights, claims or remedies under this Agreement. SMUD is specifically prohibited from purchasing the LLC, necessitating the descriptions in Section 18.

**18.4.3** All items relating to the ownership and operation of the purchased Project and related Products, which are customarily prorated, shall be prorated as of the Closing Date. Seller shall be liable with respect to items or obligations that relate to any time period prior to the Closing Date and SMUD shall be liable with respect to items or obligations relating to time periods after the Closing Date, and to the extent practicable, shall be credited to Seller's settlement account.

**18.5** This Agreement shall terminate upon the Closing Date, and (a) the payment in full to Seller of the Purchase Price and (b) the satisfaction or payment of all other obligations due to either Party under this Agreement. Note that the LGIA has specified agreement terms that extend past the term of the PPA.

**18.6** The "**Fair Market Value**" of the Project and related Product shall be the value determined by the mutual agreement of SMUD and Seller after receipt by Seller of SMUD's Option Notice requesting a determination of the Fair Market Value, or if there is no such agreement, the value determined by an independent appraiser as provided under this Section 18.6. Within ten (10) days of Seller's receipt of an Option Notice, SMUD and Seller shall jointly select a recognized independent appraiser, with experience and expertise in the energy storage industry to value such Project and related Product with whom the Parties will discuss methods and assumptions. Such appraiser shall act reasonably and in good faith to determine the Fair Market Value and shall set forth such determination in a written opinion delivered to the Parties within a timeframe established upon appointment of the appraiser, no later than thirty (30) days after the date of appointment. The valuation made by the appraiser shall be the Fair Market Value in the absence of fraud or manifest error. The costs of the appraisal shall be borne equally by both Parties. If the Parties are unable to agree on the selection of an appraiser, such appraiser shall be jointly selected by the appraiser firm proposed by SMUD and the appraiser firm proposed by Seller. The appraiser shall determine the Fair Market Value as the amount a willing buyer would pay for the Project and related Product and all rights and interests associated therewith, in an arm's-length transaction, to a willing seller under no compulsion to sell, assuming that this Agreement remains in full force and effect, and that the Project is able to generate revenue for the then-remaining Term at the prices set forth in this Agreement, assuming that thereafter the Project is able to generate revenue at a rate equal to the then fair market rates for the Products and any other products and services associated with and/or produced by the Project, based on the performance history of the Project, and assuming that the Project will remain in place on the site for the remaining useful life of the Project.



## **19. APPLICABLE LAW**

THIS AGREEMENT AND THE RIGHTS AND DUTIES OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED, ENFORCED AND PERFORMED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW.

## **20. DISPUTE RESOLUTION**

### **20.1 Trial; Venue**

The Parties agree that any suit, action or other legal proceeding by or against any party (or its affiliates or designees) with respect to or arising out of this Agreement shall be brought in the federal and state courts located in Sacramento County, California.

### **20.2 Dispute Resolution**

If the Parties are unable to resolve a dispute with respect to this Agreement, either Party shall send a notice to the other requesting a meeting at which senior officers or officials of the Parties shall attempt to resolve the dispute. If the Parties are unable to resolve the dispute within ten (10) days after the meeting notice is received by the Party to whom it is directed, or such longer period as the Parties may agree, then either Party may elect to resolve such dispute in the federal and state courts located in Sacramento County, California. The venue shall be the Superior Court in the County of Sacramento, California. Each Party shall pay and be responsible for their own attorney fees.

## **21. SEVERABILITY**

If any provision in this Agreement is determined to be invalid, void or unenforceable by any court or arbitration panel having jurisdiction, such determination shall not invalidate, void, or make unenforceable any other provision, agreement or covenant of this Agreement and the Parties shall use commercially reasonable efforts to modify this Agreement to give effect to the original intention of the Parties.

## **22. COUNTERPARTS**

This Agreement may be executed in one or more counterparts each of which shall be deemed an original and all of which shall be deemed one and the same Agreement. Delivery of an executed counterpart of this Agreement by facsimile, PDF, or electronic transmission will be deemed as effective as delivery of an originally executed counterpart. Each Party delivering an executed counterpart of this Agreement by facsimile, PDF, or electronic transmission will also deliver an originally executed counterpart, but the failure of any Party to deliver an originally executed counterpart of this Agreement will not affect the validity or effectiveness of this Agreement. The preceding sentence does not apply in the case of electronically signed documents.

## **23. GENERAL**

No amendment to, modification of, or waiver under this Agreement shall be enforceable unless reduced to writing and executed by both Parties. This Agreement shall not impart any rights enforceable by any third party other than a permitted successor or assignee bound to this Agreement. Waiver by a Party of any default by the other Party shall not be construed as a waiver of any other default. The term "including" when used in this Agreement shall be by way of example only and shall not be considered in any way to be in limitation. The headings used herein are for convenience and reference purposes only.



## **24. MOBILE SIERRA**

Notwithstanding any provision of this Agreement, neither Party shall seek, nor shall they support any third party in seeking, to prospectively or retroactively revise the rates, terms or conditions of service of this Agreement through application or complaint to FERC pursuant to the provisions of Section 205, 206 or 306 of the Federal Power Act, or any other provisions of the Federal Power Act, absent prior written agreement of the Parties. Further, absent the prior agreement in writing by both Parties, the standard of review for changes to the rates, terms or conditions of service of this Agreement proposed by a Party, a non-Party or the FERC acting *sua sponte* shall be the “public interest” application of the “just and reasonable” standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 US 332 (1956) and *Federal Power Commission v. Sierra Pacific Power Co.*, 350 US 348 (1956) and clarified by *Morgan Stanley Capital Group, Inc. v. Pub. Util. Dist. No. 1 of Snohomish*, 554 U.S. 527, 128 S. Ct. 2733 (2008) and *NRG Power Mktg., LLC v. Maine Pub. Util. Comm’n*, 130 S. Ct. 503 (2010).

## **25. SERVICE CONTRACT; FORWARD AGREEMENT**

The Parties intend that this Agreement will be treated as a service contract pursuant to Section 7701(e)(3) of the Tax Code for the sale to SMUD of energy produced at an alternative energy Project, and the Parties shall not file any tax returns inconsistent with such treatment. The Parties agree that this Agreement constitutes a ‘forward contract’ as defined in the United States Bankruptcy Code and that each Party is a “Forward Contract Merchant” within the meaning of the United States Bankruptcy Code.

## **26. ENTIRE AGREEMENT**

The Definitive Agreements, inclusive of this Agreement, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between the Parties with respect to the subject matter hereof and thereof. Other than the Definitive Agreements, there are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, either Party’s compliance with its obligations under this Agreement.



**IN WITNESS WHEREOF**, each Party has caused this Agreement to be duly executed by its authorized representative as of the date of last signature provided below.

**SACRAMENTO MUNICIPAL UTILITY  
DISTRICT**

**DRY CREEK ENERGY STORAGE, LLC**

**By:** \_\_\_\_\_

**Name:**

**Title:** Chief Legal and Government Affairs  
Officer

**By:** \_\_\_\_\_

**Name:** Hy Martin

**Title:** Chief Development Officer

Date:

Date:



## **EXHIBITS**

**Exhibit A – Description and Location of Project**

**Exhibit B – Contract Price**

**Exhibit C – Reserved**

**Exhibit D – Reserved**

**Exhibit E – Commercial Operation Date Confirmation Letter**

**Exhibit F – Capacity Attribute Reporting and Conveyance Procedure**

**Exhibit G – Scheduling Coordination Fee**

**Exhibit H – Reserved**

**Exhibit I – Notices**

**Exhibit J – Battery Storage Operating Restrictions**

**Exhibit K – Form of Consent and Agreement to Collateral Assignment**

**Exhibit L – Form of Estoppel**

**Exhibit M – Battery Storage Testing**

**Exhibit N – Project Milestone Schedule**

**Exhibit O – Round Trip Efficiency Guaranty**

**Exhibit P – Metering Diagram**

**Exhibit Q – Form of Letter of Credit**

**Exhibit R – Reserved**

**Exhibit S – Battery Storage Reliability Percentage**

**Exhibit T – Form of Surety**

**Exhibit U – Battery Storage Availability Calculations**

**Exhibit V – Monthly Operating Report**

**Exhibit W – Principles of Renewable Energy Development**



## Exhibit A

### DESCRIPTION AND LOCATION OF PROJECT

- A.1 The Project is described as a battery storage facility, comprised of inverters, battery cells, and associated facilities and equipment. Final inverter count to be provided after commissioning testing.
- A.2 The Project is located in Sacramento County at 14440 Twin Cities, Road, Herald, CA 95638, at the closed Rancho Seco Nuclear Plant.
- A.3 The “**Annual Contract Capacity**” is 160 MW<sub>AC</sub> at the Delivery Point for Contract Years 1-20 and shall be reduced by 2% annually in Contract Years 21-25. The duration of the battery shall be four (4) hours of continuous discharge at 160 MW<sub>AC</sub> for Contract Years 1-20 and shall be reduced by 2% annually in Contract Years 21-25.
- A.4 The Delivery Point is the specific location at the 230 kV disconnect switch, of the Rancho Seco Solar II 230 kV generation tie-line, inside the Rancho Seco 230 kV substation at which the Project interconnects with SMUD, as set forth in the LGIA.
- A.5 As described, and subject to Section 2.1.2, the Project shall be configured as a co-located resource with the Solar Facility.
- A.6 The Scheduled Commercial Operation Date is September 30, 2027.
- A.7 The Guaranteed COD for Commercial Operation is five (5) months after the Scheduled COD; i.e., February 29, 2028, subject to day-for-day extension to the extent the Scheduled COD is extended.
- A.8 The operating characteristics and operating restrictions of Project are as described in Exhibit J Battery Storage Operating Restrictions.
- A.9 Meters are as described in Exhibit P Meter Diagram.
- A.10 Design Standards  
Electrical subsystems shall comply with relevant IEEE, NESC, NEC, ANSI, NFPA, ASCE, IBC, ASTM, CPUC General Orders, and SMUD specific design standards set forth in the LGIA and Exhibit J of the Land Lease. Operator shall operate the Project as required by its registration as NERC Generator Owner and Generator Operator under the NERC Functional Model or successor models.

Upon mutual agreement of both Parties, a new Exhibit A may be issued. When updated, the Parties will insert a new effective date for this Exhibit A, which will replace the prior Exhibit A.

Effective Date: [Month, Day, Year]

\_\_\_\_\_  
Signature of Seller

\_\_\_\_\_  
Signature of SMUD



**Exhibit B**

**Contract Price**

The “Contract Price” with respect to each Contract Year is set forth in the table immediately below:

Contract Year	Contract Price
1 – 25	\$[REDACTED]/kW-mo. (flat) with no escalation



**Exhibit C**

**[Reserved]**



**Exhibit D**

**[Reserved]**



**Exhibit E**

**COMMERCIAL OPERATION DATE CONFIRMATION LETTER**

In accordance with the terms of that certain Power Purchase Agreement dated \_\_\_\_\_ (“Agreement”) by and between the Sacramento Municipal Utility District (“SMUD”) and Dry Creek Energy Storage, LLC (“Seller”), this letter serves to document the parties further agreement that (i) the COD Conditions for the occurrence of the Commercial Operation Date have been satisfied, and (ii) the Commercial Operation Date occurred on \_\_\_\_.

This letter shall confirm the Commercial Operation Date, as defined in the Agreement, as the date referenced in the preceding sentence.

IN WITNESS WHEREOF, each Party has caused this Agreement to be duly executed by its authorized representative as of the date of last signature provided below:

Dry Creek Energy Storage, LLC

By: \_\_\_\_\_

Name:

Title:

Date: \_\_\_\_\_

Sacramento Municipal Utility District

By: \_\_\_\_\_

Name:

Title: Director, Energy Trading &  
Contracts

Date: \_\_\_\_\_



## Exhibit F

### CAPACITY ATTRIBUTE REPORTING AND CONVEYANCE PROCEDURE

F.1 Additional Definitions for the Conveyance of Capacity:

None.

F.2 Reporting of Capacity Attributes. SMUD will report the Capacity Attributes acquired herein in any regulatory filing that SMUD is required to make in order to declare or determine the Capacity of the Project (or any portion thereof) as meeting SMUD's Capacity planning requirement (also known as Resource Adequacy).

F.3 Changes in Capacity Attribute Conveyance Procedure. Subject to Section 4.3, SMUD may revise this Exhibit F as appropriate, give written notice to Seller regarding the revision, and issue a new Exhibit F, which shall then become part of the Agreement in the event that the method for reporting and conveying Capacity Attributes changes from the process described herein provided that no update to this Exhibit F shall be permitted to impose any material additional costs on Seller or impair Seller's ability to perform its obligations under this Agreement.



**Exhibit G**

**SCHEDULING COORDINATION FEE**

Year of Term	Coordination Fee (\$)
1	100,000
2	102,000
3	104,040
4	106,121
5	108,243
6	110,408
7	112,616
8	114,869
9	117,166
10	119,509
11	121,899
12	124,337
13	126,824
14	129,361
15	131,948
16	134,587
17	137,279
18	140,024
19	142,825
20	145,681
21	148,595
22	151,567
23	154,598
24	157,690
25	160,844



**Exhibit H**

**[Reserved]**



## **Exhibit I**

### **NOTICES**

All notices shall be directed as follows:

#### **I.1 For Contract Administration**

**To SMUD:**

Sacramento Municipal Utility District  
Power Contracts Administration

6301 S Street  
Sacramento, CA 95817-1899

Or,

P.O. Box 15830  
Sacramento, CA 95852-1830

Phone: (916) 732-6244

Email: [PowerContractsAdministration@smud.org](mailto:PowerContractsAdministration@smud.org)

**To Seller:**

Dry Creek Energy Storage, LLC  
575 Fifth Avenue, 24th Floor  
New York, NY 10017  
c/o DESRI

Attn: Hy Martin, Chief Development Officer

Phone: 929-263-0000

Fax: 212-478-0100

Email: [desri-notices@world.desri.com](mailto:desri-notices@world.desri.com), [hy.martin@desri.com](mailto:hy.martin@desri.com)

#### **I.2 For Billing and Settlements**

**To SMUD:**

Energy Settlements

Phone: (916) 732-6751

Email: [EnergySettlements@smud.org](mailto:EnergySettlements@smud.org)

**To Seller:**

Dry Creek Energy Storage, LLC  
575 Fifth Avenue, 24th Floor  
New York, NY 10017  
c/o DESRI

Attn: Hy Martin, Chief Development Officer

Phone: 929-263-0000

Fax: 212-478-0100

Email: [desri-notices@world.desri.com](mailto:desri-notices@world.desri.com), [hy.martin@desri.com](mailto:hy.martin@desri.com)

#### **I.3 For Scheduling**



**To SMUD:**

Day Ahead Trading Desk

Phone: (916) 732-5669

Email: [dayaheadtrading@smud.org](mailto:dayaheadtrading@smud.org)

**To Seller:**

Dry Creek Energy Storage, LLC

575 Fifth Avenue, 24th Floor

New York, NY 10017

c/o DESRI

Attn: Hy Martin, Chief Development Officer

Phone: 929-263-0000

Fax: 212-478-0100

Email: [desri-notices@world.desri.com](mailto:desri-notices@world.desri.com), [hy.martin@desri.com](mailto:hy.martin@desri.com)

**I.4 For Planned Outages****To SMUD:**

Day Ahead Trading Desk

Phone: (916) 732-5669

Real Time Trading Desk

(916)732-5177

Email: [psoc@smud.org](mailto:psoc@smud.org), [rtt1@smud.org](mailto:rtt1@smud.org), [rtt2@smud.org](mailto:rtt2@smud.org), [dayaheadtrading@smud.org](mailto:dayaheadtrading@smud.org)

Power System Operations Outage Coordination

Phone: (916) 732-5242

**To Seller:**

Dry Creek Energy Storage, LLC

575 Fifth Avenue, 24th Floor

New York, NY 10017

c/o DESRI

Attn: Hy Martin, Chief Development Officer

Phone: 929-263-0000

Fax: 212-478-0100

Email: [desri-notices@world.desri.com](mailto:desri-notices@world.desri.com), [hy.martin@desri.com](mailto:hy.martin@desri.com)

**I.5 For Forced Outages****To SMUD:**

Real Time Scheduling Desks

Phone: (916) 732-5177

And

Power System Grid Operations

916-732-6225 (Generation Desk), or 916-732-6730 (Shift Senior Power System Operator)

Email: [psoc@smud.org](mailto:psoc@smud.org), [rtt1@smud.org](mailto:rtt1@smud.org), [rtt2@smud.org](mailto:rtt2@smud.org), [dayaheadtrading@smud.org](mailto:dayaheadtrading@smud.org)



**To Seller:**

Dry Creek Energy Storage, LLC  
575 Fifth Avenue, 24th Floor  
New York, NY 10017  
c/o DESRI  
Attn: Hy Martin, Chief Development Officer  
Phone: 929-263-0000  
Fax: 212-478-0100  
Email: desri-notices@world.desri.com, hy.martin@desri.com

**I.6 Same-day Phone Notification of Outages**

**To SMUD:**

Power System Grid Operations  
916-732-6225 (Generation Desk), or 916-732-6730 (Shift Senior Power System Operator)

**To Seller:**

Dry Creek Energy Storage, LLC  
575 Fifth Avenue, 24th Floor  
New York, NY 10017  
c/o DESRI  
Attn: Hy Martin, Chief Development Officer  
Phone: 929-263-0000  
Fax: 212-478-0100  
Email: desri-notices@world.desri.com, hy.martin@desri.com

**I.7 Notification Requirements for Start/Completion of Planned Outages & Normal Start-up/Shutdown**

Prior to starting, and at the completion of, a Planned Outage, contact the Power System Operator to report and coordinate the start or completion time of the Planned Outage.

Prior to paralleling or after disconnection from the SMUD transmission system, always contact the Power System Operator with the following as applicable:

- Intent to parallel before any start-up,
- After the unit has paralleled, report the parallel time and intended unit output,
- After any separation, report the separation time as well as the date and time estimated for return to service.

**Power System Operations**

916-732-6225 (Generation Desk) or 916-732-6730 (Shift Senior Power System Operator)

**I.8 Changes to Exhibit I**

Either Party may request a change to Exhibit I as necessary to keep the information current. The Parties shall update Exhibit I prior to COD to ensure consistency with other notice provisions in this Agreement, subject to mutual agreement of the Parties.

Upon mutual agreement of both Parties, a new Exhibit I may be issued. When updated, the Parties will insert a new effective date for this Exhibit I, which will replace the prior Exhibit I.



Effective Date: Month, Day, Year

\_\_\_\_\_  
Signature of Seller

\_\_\_\_\_  
Signature of SMUD



**Exhibit J**  
**Battery Storage Operating Restrictions**

The Battery Storage Operating Restrictions include the limitations, conditions and restrictions set forth in this Exhibit J. Prior to the Commercial Operation Date and from time to time during the Delivery Term, by mutual written agreement the Parties may amend these Battery Storage Operating Restrictions.

The operation of the Project shall be subject to the following limitations:

- a. If the year-to-date average State of Charge exceeds 50% at any time during the second half of a Contract Year, then the maximum allowed State of Charge shall be limited to the State of Charge that, if held for the rest of the Contract Year, would equal an annual average State of Charge of 50%. If the allowable State of Charge has been limited, the State of Charge limitation will be released once the year-to-date State of Charge is less than 49%. Seller shall be permitted to reject or deviate from any Dispatch Instruction and may operate the Project as reasonably necessary to ensure that the annual average State of Charge in any Contract Year does not exceed 50%; provided that Seller must operate the Project in a manner consistent with Prudent Utility Practice.
- b. The limitations set forth in the table below.

#	OPERATING PARAMETER	VALUES	OPERATING RESTRICTIONS
1	Charging method	Constant Power (CP), Constant Voltage (CV)	
2	Discharging method	Constant Power (CP)	
3	Maximum CP-rate for Charging and Discharging the Battery Storage Facility	160 MW <sub>AC</sub> for Contract Years 1-20, subject to reduction by 2% annually in Contract Years 21-25, which can be adjusted accordingly, as reasonably agreed upon by the Parties, based up on the final design of the Project	Battery shall charge and discharge at the maximum capacity available for the Project while not exceeding the maximum project electrical facility rating for the Project.
4	Operational State of Charge limits	0%-100%	As reflected in the Energy Management System. The 100% State of Charge represents the amount of Expected Battery Storage Capacity available to SMUD.
5	Maximum State of Charge during Charging	100%	In the event State of Charge during charging exceeds the Maximum State of Charge, then the battery system is out of compliance.
6	Minimum State of Charge during Discharging	0%	Minimum State of Charge to obtain contractual energy capacity. In the event State of Charge during charging is less than the Minimum State of Charge, then the battery system is out of compliance. Value of State of Charge shall not violate operating parameters established by the manufacturer for the Project. It is recommended but not required to maintain an SOC above 0% for healthy battery operation.
7	Maximum number of Cycles per Contract Year	365	Notwithstanding any other provision of this Agreement, SMUD will not be



			permitted to utilize more than 365 Cycles per Contract Year.
8	Daily Dispatch Limits	Maximum of Two Cycles per operating day	This limit applies to each Project container, individually and collectively.
9	Charge/Discharge Hold Period	To be determined (TBD) by Battery Original Equipment Manufacturer (OEM)	Seller shall use commercially reasonable efforts to, but is not required to, rest the System for 30 minutes following charge and discharge of greater than 80% in the case of shifting energy.
10	Maximum charging capacity (MW)	160 MW <sub>AC</sub> for Contract Years 1-20, subject to reduction by 2% annually in Contract Years 21-25	Project shall charge at the maximum capacity available for the Project while not exceeding the maximum project electrical facility rating for the Project.
11	Minimum Charging Capacity	0 MW	
12	Maximum discharging capacity (MW)	160 MW <sub>AC</sub> for Contract Years 1-20, subject to reduction by 2% annually in Contract Years 21-25	Project shall discharge at the maximum capacity available for the Project while not exceeding the maximum project electrical facility rating for the Project.
13	Maximum Discharge Energy per Cycle (MWh)	640 MWh <sub>AC</sub> / Cycle	As measured at the Delivery Point and equal to the Expected Battery Storage Capacity.
14	Minimum Discharging Capacity	0 MW	
15	Minimum Stored Energy Level	0 MWh	
16	Ramp Rate Limitation	5-20% of rated capacity/min	Default to be 10%/min at the plant controller and 20%/min at the inverters. Ramp rates should also apply in anticipation of the battery reaching 100% or 0% State of Charge to minimize impact at the Point of Interconnection.
17	Maximum ambient operating temperature with de-rate	Project de-rate ambient temperature is 45°C (113 F) and shut-down ambient temperature is 50°C (122 F), or as allowed by Battery OEM.	The rated power of the Project will be reduced linearly from the derate to the shutdown ambient temperature; the Project may shut down in Seller's discretion.



18	Minimum ambient operating temperature with de-rate	De-rate below -30°C	Below -40°C, the Project may shut down in Seller's discretion.
19	Annual Average State of Charge	20-50%	The Project shall be operated to maintain an annual average State of Charge between 20% and 50%.
20	Battery Balancing Activities	As recommended by Battery OEM	Seller is required to perform battery balancing activities as recommended by the Battery OEM. Consistent balancing activities when at high or low SOC is required for optimal performance. Balancing shall be performed during a time agreed upon by both parties.
21	Resting	Near 30%	Seller shall use commercially reasonable efforts to rest the Project near 30% SOC when planned non-use for more than 2 days

As used in this Exhibit J, "Cycle" means the Project is charged, then discharged at a MWh quantity equal to the energy capacity in MWh. For example, SOC starts at 1%, the Project is charged to 100% and then discharged to 1%.

Upon mutual agreement of both Parties, a new Exhibit J may be issued. When updated, the Parties will insert a new effective date for this Exhibit J, which will replace the prior Exhibit J.

Effective Date: [Month, Day, Year]

\_\_\_\_\_  
Signature of Seller

\_\_\_\_\_  
Signature of SMUD



## Exhibit K

### **FORM OF CONSENT AND AGREEMENT TO COLLATERAL ASSIGNMENT**

This CONSENT AND AGREEMENT (this "Consent"), dated as of \_\_\_\_\_, 20\_\_\_\_, is entered into by and among the Sacramento Municipal Utility District, a California Municipal Utility District formed and existing under the laws of the State of California (together with its successors and permitted assigns, "SMUD") ("Buyer"), \_\_\_\_\_ (together with its successors, designees and assigns in its capacity, "Lender"), Dry Creek Energy Storage, LLC, a limited liability company formed and existing under the laws of the State of XX (together with its successors and permitted assigns, "Seller"). Unless otherwise defined, all capitalized terms have the meaning given in the Power Purchase Agreement (as hereinafter defined).

#### **RECITALS**

A. Seller intends to develop, construct, install, test, own, operate and use an approximately 160 MW<sub>AC</sub> battery energy storage system (the "Project"), located in Sacramento County XXXX.

B. In order to partially finance the development, construction, installation, testing, operation and use of the Project, Seller and/or one or more of its Affiliates has entered into that certain **[Financing Agreement,]** dated as of \_\_\_\_\_ (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Financing Agreement"), among Seller and/or one or more of its Affiliates, the financial institutions from time to time parties thereto as lenders and/or issuing banks, and Lender as agent on behalf of such financial institutions, pursuant to which, among other things, such financial institutions have extended commitments to make loans and other financial accommodations to, and for the benefit of, Seller.

C. Buyer and Seller have entered into that certain Energy Storage Power Purchase Agreement, dated as of \_\_\_\_\_ (attached hereto and incorporated herein by reference, as amended, amended and restated, supplemented or otherwise modified from time to time in accordance with the terms thereof and hereof, the "Power Purchase Agreement").

D. Pursuant to a [security agreement] executed by Seller and Lender (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Security Agreement"), Seller has agreed, among other things, to assign, as collateral security for [its] [their] obligations under the Financing Agreement and related documents (collectively, the "Financing Documents"), all of its right, title and interest in, to and under the Power Purchase Agreement to Lender for the benefit of Lender and each other entity or person providing collateral security under the Financing Documents.

E. It is a requirement under the Financing Agreement that SMUD and the other parties hereto execute this Consent.

#### **AGREEMENT**

NOW THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and intending to be legally bound, the parties hereto hereby agree as follows:

1. CONSENT TO ASSIGNMENT. Subject to the terms and conditions below, SMUD consents to a complete assignment of all rights and obligations of the Power Purchase Agreement by Seller to Lender pursuant to the Financing Documents.

2. LIMITATIONS ON ASSIGNMENT.



(a) Lender shall be entitled (but not obligated) to exercise all rights and to cure any defaults of Seller under the Power Purchase Agreement, subject to applicable notice and cure periods provided in the Power Purchase Agreement and as set forth herein. Upon receipt of notice from Lender, SMUD agrees to accept such exercise and cure by Lender if timely made by Lender under the Power Purchase Agreement and this Consent. Upon receipt of Lender's written instructions and to the extent allowed by law, SMUD agrees to make directly to such account as Lender may direct SMUD in writing from time to time, all payments to be made by SMUD to Seller under the Power Purchase Agreement from and after SMUD's receipt of such instructions, and Seller consents to any such action. SMUD shall have no liability to Seller under the Power Purchase Agreement or this Consent for directing such payments to Lender in accordance with this subsection (a).

(b) SMUD agrees to deliver duplicates or copies of all notices of default delivered by SMUD under or pursuant to the Power Purchase Agreement to Lender in accordance with the notice provisions of this Consent. SMUD shall deliver any such notices concurrently with delivery of the notice to Seller under the Power Purchase Agreement. In the event of a default or breach by Seller in the performance of any of its obligations under the Power Purchase Agreement, or upon the occurrence or non-occurrence of any event or condition under the Power Purchase Agreement which would immediately or with the passage of any applicable grace period or the giving of notice, or both, enable Buyer to terminate the Power Purchase Agreement or to suspend performance of its obligations thereunder (hereinafter, a "Default"), Buyer shall not terminate the Power Purchase Agreement or suspend performance of its obligations thereunder until it first gives written notice of such Default to Lender and affords Lender a period of time until (i) the expiration of Seller's cure period under the Power Purchase Agreement, if any, plus (ii) (x) thirty (30) days after expiration of such cure period if such Default is the failure to pay amounts to Buyer which are due and payable under the Power Purchase Agreement, or (y) sixty (60) days after expiration of such cure period if such Default is a non-payment Default, in each such case, to cure such Default (provided that during the applicable cure period Lender or Seller continues to perform each of Seller's other obligations under the Power Purchase Agreement). If (i) possession of the Project is necessary to cure such Default or (ii) if the Default can only be cured by Seller and is not curable by Lender, such as the insolvency, bankruptcy, general assignment for the benefit of the secured parties under the Financing Agreement, or appointment of a receiver, trustee, custodian or liquidator of Seller or its properties, and, in each such case, Lender or its successor(s), assignee(s) and/or designee(s) declares an "Event of Default" under the Financing Agreement and Lender commences foreclosure proceedings or any other proceedings necessary to take possession of the Project, Lender or its successors(s), assignee(s) and/or designee(s) will be allowed a reasonable period to complete such proceedings; provided that, once commenced, Lender, or its successor(s), assignee(s) and/or designee(s) shall pursue such proceedings with due dispatch; and provided further, that if the Default can only be cured by Seller and is not curable by Lender, such as the insolvency, bankruptcy, general assignment for the benefit of the secured parties under the Financing Agreement, or appointment of a receiver, trustee, custodian or liquidator of Seller or its properties, Lender shall be entitled to assume in writing the rights and obligations of Seller under the Power Purchase Agreement and provided such assumption occurs, Buyer shall not be entitled to terminate the Power Purchase Agreement or suspend its performance thereunder as a result of such Default so long as Lender or its successor(s), assignee(s) and/or designee(s) continue to perform all of Seller's obligations (other than those that can only be performed by Seller). If either the Lender or its successor(s), assignee(s) and/or designee(s) is prohibited by any court order or bankruptcy or insolvency proceedings of Seller from curing the Default or from commencing or prosecuting such proceedings, the foregoing time periods shall be extended by the period of such prohibition, provided that Lender or its successor(s), assignee(s) and/or designee(s) is pursuing relief from such prohibition with due dispatch. SMUD shall recognize the Lenders or their designee(s) or assignee(s) as the applicable party under the Power Purchase Agreement provided that such Lender or their designee(s) or assignee(s) assume in writing the obligations of Seller under the Power Purchase Agreement, including, without limitation, satisfaction and compliance with all credit provisions of the Power Purchase Agreement and provided further that such Lender or their designee(s) or assignee(s) has a creditworthiness and total credit support at least equal to that of Seller as of the date hereof. Seller shall pay Buyer \$20,000 per assignment of the PPA and/or the LGIA to cover Buyer's internal and external costs associated with such assignment. For the avoidance of doubt, Seller's payment of \$20,000 is the full reimbursement of expenses for assignment of both the PPA and the LGIA.



I In the event that the Agreement is rejected by a trustee or debtor-in-possession in any bankruptcy or insolvency proceeding, and if, within thirty (30) days after such rejection, the Lender shall so request, SMUD will execute and deliver to Lender a new power purchase agreement, which shall be on the same terms and conditions as the original Agreement for the remaining term of the original Power Purchase Agreement before giving effect to such rejection, and which shall require Lender to cure any defaults then existing under the original Power Purchase Agreement. Notwithstanding the foregoing, the execution of any new power purchase agreement will be subject to approval by SMUD's Board of Directors to the extent required by SMUD's policies and receipt of all regulatory approvals required by law, including those associated with any renewable energy or environmental objectives met by, or required of, the original Power Purchase Agreement. SMUD will use good faith efforts to promptly obtain (if applicable) such Board of Directors approval and any necessary regulatory approvals.

(c) In the event Lender or its designee(s) or assignee(s) elect(s) to perform Seller's obligations under the Agreement, succeed to Seller's interest under the Power Purchase Agreement, or enter into a new power purchase agreement as provided in subparagraph 2(b)I above, the recourse of SMUD against Lender or its designee(s) and assignee(s) shall be limited to such party or parties' interests in the Project, the credit support required under the Power Purchase Agreement, and any currently existing guaranties made to the benefit of SMUD by Seller, Seller's Affiliates or Seller's insurers to the extent such guaranties have not been exhausted at the time of assignment.

I In the event Lender or its designee(s) or assignee(s) succeed to Seller's interest under the Power Purchase Agreement, Lender or its designee(s) or assignee(s) shall cure any then-existing payment and performance defaults under the Power Purchase Agreement, except any performance defaults of Seller itself, which by their nature are not susceptible of being cured. Lender and its designee(s) or assignee(s) shall have the right to assign their interest in the Power Purchase Agreement to a person or entity to whom Seller's interest in the Project is transferred, provided such transferee assumes in writing the obligations of Seller under the Power Purchase Agreement and has a creditworthiness and total credit support at least equal to that of Seller as of the date hereof. Upon such assignment and assumption in writing, Lender and its designee(s) or assignee(s) (including their agents and employees) shall be released from any further liability thereunder accruing from and after the date of such assignment, to the extent of the interest assigned.

### 3. REPRESENTATIONS AND WARRANTIES.

(a) SMUD hereby represents and warrants that as of the date of this Consent:

- i. It (1) is duly formed and validly existing under the laws of the State of California, and (2) has all requisite power and authority to enter into and to perform its obligations hereunder and under the Power Purchase Agreement, and to carry out the terms hereof and thereof and the transactions contemplated hereby and thereby;
- ii. the execution, delivery and performance of this Consent and the Power Purchase Agreement have been duly authorized by all necessary action on its part and do not require any approvals, material filings with, or consents of any entity or person which have not previously been obtained or made;
- iii. this Consent and the Power Purchase Agreement are in full force and effect;
- iv. this Consent and the Power Purchase Agreement have been duly executed and delivered on its behalf and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms,



except as the enforceability thereof may be limited by (1) bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and (2) general equitable principles (whether considered in a proceeding in equity or at law);

- v. there is no litigation, investigation or other proceeding pending for which SMUD has received service of process or, to SMUD's actual knowledge, threatened against SMUD relating solely to this Consent, the Power Purchase Agreement and the transactions contemplated hereby and thereby;
- vi. the execution, delivery and performance by it of this Consent, the Agreement, and the consummation of the transactions contemplated hereby, will not result in any violation of, breach of or default under any term of any material contract or material agreement to which it is a party or by which it or its property is bound, or of any material requirements of law presently in effect having applicability to it, the violation, breach or default of which could have a material adverse effect on its ability to perform its obligations under this Consent;
- vii. neither SMUD nor, to SMUD's actual knowledge, any other party to the Power Purchase Agreement, is in default of any of its obligations thereunder, and no disputes exist between Buyer and Seller thereunder; and
- viii. to SMUD's actual knowledge, (1) no Force Majeure event exists under, and as defined in, the Power Purchase Agreement and (2) no event or condition exists which would either immediately or with the passage of any applicable grace period or giving of notice, or both, enable either SMUD or Seller to terminate or suspend its obligations under the Power Purchase Agreement.

4. CONFIRMATION. SMUD will not, without the prior written consent of Lender (such consent not to be unreasonably withheld), (i) cancel or terminate the Power Purchase Agreement, or consent to or accept any cancellation, termination or suspension thereof by Seller, (ii) sell, assign or otherwise dispose (by operation of law or otherwise) of any part of its interest in the Power Purchase Agreement, except as provided in the Power Purchase Agreement, or (iii) amend or modify the Power Purchase Agreement.

5. NOTICES. All notices required or permitted hereunder shall be in writing and shall be effective (a) upon receipt if hand delivered, (b) upon telephonic verification of receipt if sent by facsimile and (c) if otherwise delivered, upon the earlier of receipt or seven (7) Business Days after being sent registered or certified mail, return receipt requested, with proper postage affixed thereto, or by private courier or delivery service with charges prepaid, and addressed as specified below:

If to SMUD:

[\_\_\_\_\_]

[\_\_\_\_\_]

[\_\_\_\_\_]

Telephone No.: [\_\_\_\_\_]



Telecopy No.: [\_\_\_\_\_]

Attn: [\_\_\_\_\_]

If to Lender:

[\_\_\_\_\_]

[\_\_\_\_\_]

[\_\_\_\_\_]

Telephone No.: [\_\_\_\_\_]

Telecopy No.: [\_\_\_\_\_]

Attn: [\_\_\_\_\_]

If to Seller:

[\_\_\_\_\_]

[\_\_\_\_\_]

[\_\_\_\_\_]

Telephone No.: [\_\_\_\_\_]

Telecopy No.: [\_\_\_\_\_]

Attn: [\_\_\_\_\_]

Any party shall have the right to change its address for notice hereunder to any other location within the United States by giving thirty (30) days' written notice to the other parties in the manner set forth above.

6. ASSIGNMENT, TERMINATION, AMENDMENT. This Consent shall be binding upon and benefit the successors and assigns of the parties hereto and their respective successors, transferees and assigns (including without limitation, any entity that refinances all or any portion of the obligations under the Financing Agreement). SMUD agrees (a) to confirm such continuing obligation in writing upon the reasonable request of (and at the expense of) Seller, Lender or any of their respective successors, transferees or assigns, and (b) to cause any successor-in-interest to SMUD with respect to its interest in the Power Purchase Agreement to assume, in writing in form and substance reasonably satisfactory to Lender, the obligations of SMUD hereunder. Any purported assignment or transfer of the Power Purchase Agreement not in conjunction with the written instrument of assumption contemplated by the foregoing clause (b) shall be null and void. No termination, amendment, or variation of any provisions of this Consent shall be effective unless in writing and signed by the parties hereto. No waiver of any provisions of this Consent shall be effective unless in writing and signed by the party waiving any of its rights hereunder.



7 **GOVERNING LAW.** This Consent shall be governed by the laws of the State of California applicable to contracts made and to be performed in such State. THE STATE COURTS SITUATED IN THE STATE OF CALIFORNIA SHALL HAVE EXCLUSIVE JURISDICTION TO RESOLVE ANY DISPUTES WITH RESPECT TO THIS CONSENT AND AGREEMENT WITH SMUD, SELLER, ASSIGNOR, AND LENDER IRREVOCABLY CONSENTING TO THE JURISDICTION THEREOF FOR ANY ACTIONS, SUITS, OR PROCEEDINGS ARISING OUT OF OR RELATING TO THIS CONSENT.

8 **COUNTERPARTS.** This Consent may be executed in one or more duplicate counterparts, and when executed and delivered by all the parties listed below, shall constitute a single binding agreement.

9 **SEVERABILITY.** In case any provision of this Consent or the obligations of any of the parties hereto, shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions, or the obligations of the other parties hereto, shall not in any way be affected or impaired thereby.

10. **ACKNOWLEDGMENTS BY SELLER.** Seller, by its execution hereof, acknowledges and agrees that neither the execution of this Consent, the performance by SMUD of any of the obligations of SMUD hereunder, the exercise of any of the rights of SMUD hereunder, or the acceptance by SMUD of performance of the Power Purchase Agreement by any party other than Seller shall (1) release Seller from any obligation of Seller under the Power Purchase Agreement, (2) constitute a consent by SMUD to, or impute knowledge to SMUD of, any specific terms or conditions of the Financing Agreement, the Security Agreement or any of the other Financing Documents, or (3) except as expressly set forth in this Consent, constitute a waiver by SMUD of any of its rights under the Power Purchase Agreement. Seller and Lender acknowledge hereby for the benefit of SMUD that this Consent does not alter, amend, modify or impair (or purport to alter, amend, modify or impair) any provisions of the Power Purchase Agreement except as provided herein.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

[SIGNATURE PAGES FOLLOW]



IN WITNESS WHEREOF, the parties hereto by their officers thereunto duly authorized, have duly executed this Consent as of the date first set forth above.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_,

a \_\_\_\_\_

[LENDER]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_, as Lender

Dry Creek Energy Storage, LLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_



**Exhibit L**

**FORM OF ESTOPPEL**

**ESTOPPEL CERTIFICATE**

Addressees:

[Financing parties to be added]

RE: Status of Energy Storage Power Purchase Agreement

Ladies and Gentlemen,

This letter is being delivered at the request of [ ] in connection with that certain Energy Storage Power Purchase Agreement, dated as of [ ] (the "Agreement"), by and between Sacramento Municipal Utility District ("Buyer") and Dry Creek Energy Storage, LLC ("Seller"). This letter is also being delivered in connection with [financing arrangements to be described]. Capitalized terms not defined herein shall have the meanings set forth in the Agreement.

Buyer hereby confirms to each of the Addressees as of the date hereof that:

1. The copy of the Agreement, attached hereto as Exhibit A, constitutes a true, correct and complete copy of the Agreement.
2. The Agreement is in full force and effect and has not been modified, supplemented or amended in any way, except as set forth on Exhibit A hereto, and constitutes the entire agreement between Buyer and Seller relating to the matters set forth therein.
3. Buyer represents that it was formed and is operating in accordance with the laws of the State of California and has all requisite power and authority to execute, deliver and perform its obligations under the Agreement and this letter.
4. The execution, delivery and performance by Buyer of the Agreement and this letter have been duly authorized by all necessary company action on the part of Buyer and do not require any approvals, filings with or consents of any entity or person which have not previously been obtained or made.
5. Buyer has not transferred, pledged or assigned, in whole or in part, any of its right, title, interest in, to and under the Agreement.
6. Buyer is not and, to the knowledge of Buyer, Seller is not, subject to an Event of Default under the Agreement, and to the knowledge of Buyer no facts or circumstances currently exist which, with the passage of time or the giving of notice or both, would constitute an Event of Default by either such party under the Agreement.
7. There are no actions pending against Buyer under the bankruptcy or any similar laws of the United States or any state.
8. Buyer has not provided any notice to Seller that it is unable to perform its obligations under the Agreement due to a Force Majeure event, and to Buyer's knowledge, there is currently no Force Majeure event affecting Buyer under the Agreement, as defined therein, and Buyer has not received any notice from Seller that Seller is unable to perform its obligations to Buyer under the Agreement due to a Force Majeure event.



9. Seller has not received or, to Buyer's knowledge, claimed any amounts under the indemnification obligations of Buyer set forth in the Agreement.
10. No payments have been due under the Agreement to Buyer through the period ending on the date hereof.
11. To Buyer's actual knowledge, Seller is not in default of any of its obligations under the Agreement.
12. To Buyer's knowledge, there are no disputes or proceedings between Buyer on the one hand and Seller on the other hand.
13. This letter may be executed and delivered by facsimile or other electronic means (e.g., e-mail transmission of version in .pdf format) and shall be legally binding on the party so executing and delivering such counterpart.
14. Buyer acknowledges that each of the addressees is a financing party under the Agreement.



## **Exhibit M Battery Storage Testing**

### **I. GENERAL**

#### **a. Overview**

The purpose of this Exhibit M is to describe the requirements for each of the following tests, collectively the “**Battery Storage Tests**”:

- Battery Storage Commercial Operation Test
- Annual Battery Storage Capacity Test
- Battery Storage Capacity Test
- Battery Storage AGC Discharge Test
- Battery Storage AGC Charge Test
- Battery Storage Response Time and Ramp Rate Test
- Battery Storage Reactive Power Capability Test

All Battery Storage Tests described in this Exhibit M shall conform to the requirements herein as may be superseded by the approved Test Procedure (as defined below) for each test. All Battery Storage Tests shall be performed using Prudent Utility Practice.

#### **b. Test Procedures**

Seller shall submit a Test Procedure for each Battery Storage Test. As used in this Exhibit M, a “Test Procedure” is a detailed test procedure document and shall at a minimum describe, for each Battery Storage Test, the purpose, starting state, measured variables, step by step test procedure, conditions for pausing or restarting, ending state, calculation of results, and reporting requirements. Seller shall submit Test Procedures to SMUD for approval no later six (6) months prior to initial testing, in accordance with LGIA Exhibit F requirements, or as otherwise agreed between the Parties, and SMUD’s approval shall not be unreasonably withheld or delayed. For any recurring Battery Storage Test and after the first occurrence of any such test, the previously approved Test Procedure shall be utilized unless Seller or SMUD requests a revised Test Procedure 60 days prior to the beginning of such test, or such timeframe mutually agreed between the Parties.

#### **c. Witnessing of Tests**

SMUD or its representative shall be provided the opportunity to be present for any Battery Storage Test and may, for information only, separately utilize its own metering equipment so long as such use does not interfere with the test or Seller’s operation of the Project. SMUD shall be responsible for any incremental costs associated with SMUD’s witnessing of Battery Storage Tests including the use of SMUD’s own metering equipment.

#### **d. Test Reports**

Seller shall provide to SMUD a written report (“Test Report”) of the results of any completed Battery Storage Test no later than ten (10) Business Days after the completion of the test or such other timeframe as may be defined in the approved Test Procedure. Each Test Report shall include the following, in addition to any additional requirement of a specific test as described in the applicable Test Procedure:



1. A record of the personnel present during the test that served in an operating, testing, monitoring, or other such participatory role.
2. The measured data for the test as well as each parameter set forth in the relevant Test Procedure.
3. Copies of the raw data taken during the test and plant log sheets verifying the operating conditions.
4. Summary of relevant final results of the test, including the results described in the sections below, as applicable.
5. Any anomalous observations made during the test.
6. Test uncertainty.
7. Seller's statement of acceptance or rejection of the test results and reasons therefore.

**e. Retests**

Retesting is allowable in accordance with Section 2.4.4 of the Agreement.

**f. Cessation of Tests**

Seller may at its sole discretion immediately cease any Battery Storage Test if Seller determines that continuation of the test would pose risk of damage or adverse effect to equipment or becomes aware of any circumstance for which continuing the test would violate Prudent Utility Practice.

**g. Incomplete Tests**

If any Battery Storage Test is not completed in accordance with this Exhibit M, SMUD may in its sole discretion: (i) accept the results up to the time the Battery Storage Test was stopped without any modification to the results; (ii) require that the incomplete portion of the Battery Storage Test be completed within a reasonable and specified time period; or (iii) require that the Battery Storage Test be entirely repeated within a reasonable and specified time period. Notwithstanding the above, if Seller is unable to complete a Battery Storage Test due to a Force Majeure event or the actions or inactions of SMUD or the CAISO or the Transmission Provider, Seller shall be permitted to retest in accordance with the requirements of this Exhibit M and on an expedited timeframe as may be agreed by both Seller and SMUD.

**h. Data Capture**

All measurements necessary to calculate the results for each Battery Storage Test described in this Exhibit M shall be collected at a rate of one (1) minute resolution or less unless higher resolution measurements are specified in the applicable approved Test Procedure.

Battery Storage Test measurements shall be made using instrumentation provided by Seller and, where appropriate, using instruments present at the Project during normal operation. All instruments providing measurements for a Battery Storage Test shall be calibrated according to the instrument manufacturer's recommendations and certificates provided with the applicable Test Report if required by the Test Procedure.

Ambient conditions including temperature and relative humidity shall be recorded during the test.

**i. Responsibilities**



Seller is responsible for executing all Battery Storage Tests. SMUD shall provide reasonable operational support during any Battery Storage Test. SMUD shall have the right to participate and witness all Battery Storage Tests. All Energy for Battery Storage Tests shall be provided by SMUD.

**j. Test Uncertainty**

Uncertainties shall be addressed by a test tolerance of 0.5% applied to the results of any Battery Storage Test with respect to any guarantee in this Agreement.

**k. Dispute Resolution**

At the request of either Party, an independent, professional engineer shall be retained by the Parties to resolve any dispute under this Exhibit M. The requesting Party may select an expert from the following pre-approved independent, professional engineers: Leidos, Luminata, DNV, and Black & Veatch. An expert not on this pre-approved list will need to be agreed to by both Parties. Each Party shall cooperate reasonably with the other and with the selected expert to resolve the dispute expeditiously and efficiently. Each Party shall, within 30 days of the selection of the expert, provide to the expert in writing its position on the dispute and any back-up material supporting its position. The expert must agree with the position of one Party and may not implement a resolution to the dispute that differs from the proposal of a Party. The expert shall, within 30 days of the submission of Parties' positions, choose the Party position that, in the expert's determination, best reflects the appropriate resolution of the dispute. The Party whose position is not accepted by the expert shall pay all of the costs for the expert.

**II. BATTERY STORAGE CAPACITY TEST**

**a. Purpose**

The Battery Storage Capacity Test is designed to establish the Expected Battery Storage Capacity and Round Trip Efficiency prior to COD and to provide annual updates and supplemental updates to the Annual Contract Capacity and Round Trip Efficiency. The Battery Storage Capacity Test conducted prior to COD is referred to as the "Battery Storage Commercial Operation Test".

**b. Scheduling**

Battery Storage Capacity Tests shall be scheduled at the following times:

- i. As required to meet the conditions for Commercial Operation of Section 2.3.4 of the Agreement.
- ii. Within thirty (30) days of the end of each Contract Year unless waived or delayed by mutual agreement between Seller and SMUD. The Battery Storage Capacity Test conducted per this Section II.B shall be the "**Annual Battery Storage Capacity Test**".
- iii. Within ten (10) Business Days of either Party's request for additional Battery Storage Capacity Test, but not more than one (1) such additional test per calendar quarter, except as described in Section 2.4.4 of the Agreement. Seller shall be required to balance the batteries according to Battery OEM recommendations before any test or retest shall occur.
- iv. As otherwise provided in the Agreement.

Seller shall provide Notice to SMUD of intent to conduct a Battery Storage Capacity Test no less than ten (10) Business Days prior to the planned test date, and in accordance with requirements of



the Outage Coordination Process. SMUD shall confirm the dates in writing prior to commencement of the test. All Battery Storage Capacity Tests shall be conducted when SMUD system conditions can allow for such testing, as reasonably determined by SMUD.

**c. Procedure**

i. Starting state:

Any scheduled Battery Storage Capacity Test shall be rescheduled and any in-progress Battery Storage Capacity Test restarted, if ambient temperature is expected to be below 10°C or above 50°C during any portion of the test.

The Project SOC shall be 0% and shall have rested for at least 10 minutes since the last instruction to charge or discharge prior to the start of any Battery Storage Capacity Test.

- ii. Charging: Instruct the Project to charge from 0% SOC to 100% SOC at the Expected Battery Storage Capacity. The energy in MWh metered at the Battery Storage Meter during this step is the "Capacity Test Charging Energy". Record the time required to complete this charging step. The "Capacity Test Average Charging Power" is the Capacity Test Charging Energy divided by the number of hours required to complete this charging step, expressed as a decimal. Record the time required to complete this charging step.
- iii. Resting: Allow the Project to remain at 100% SOC for a duration of time specified by battery manufacturer and confirm the Project remains grid-connected during the rest period.
- iv. Discharging: Instruct the Project to discharge from 100% SOC to 0% SOC at the Expected Battery Storage Capacity for a maximum of four (4) hours. The energy in MWh metered at the Battery Storage Meter during this step is the "Capacity Test Discharging Energy". The "Capacity Test Average Discharging Power" is the Capacity Test Discharging Energy divided by the number of hours required to complete this discharging step, expressed as a decimal.
- v. Ending state: The Project is reconfigured to normal operation.

**d. Results**

Seller shall include the following key results among the other information in the Test Report.

i. Expected Battery Storage Capacity equals:

Total amount of discharged energy from the Battery Storage Meter divided by four (4) hours

ii. Round Trip Efficiency

The Round Trip Efficiency shall be calculated as follows:

$$100\% \times \frac{\text{Capacity Test Discharging Energy}}{\text{Capacity Test Charging Energy}}$$

**e. Additional Requirements**

- i. Both real and reactive power shall be measured and reported as measured by the Battery Storage Meter for any Battery Storage Capacity Test.



### **III. BATTERY STORAGE AGC DISCHARGE TEST**

#### **a. Purpose**

This test will demonstrate the ability of the facility to receive, acknowledge, and begin responding to AGC commands in less than 4 seconds.

#### **b. Scheduling**

- i. As required to meet the conditions for Commercial Operation of Section 2.3.4 of the Agreement.
- ii. As otherwise provided in the Agreement.

#### **c. Procedure**

System starting state: The facility will be in the on-line state at 50% SOC and at an initial active power level of 0 MW and reactive power level of 0 MVAR. The EMS will be configured to follow a predefined agreed-upon active power profile.

- i. Record the facility active power level at the Battery Storage Meter.
- ii. Command the facility to follow a simulated control signal of Pmax at .95 power factor for ten (10) minutes.
- iii. Record and store the facility active power response (in seconds).

System end state: The facility will be in the on-line state and at a commanded active power level of 0 MW.

### **IV. BATTERY STORAGE AGC CHARGE TEST**

#### **a. Purpose**

This test will demonstrate the ability of the facility to receive, acknowledge, and begin responding to AGC commands in less than 4 seconds.

#### **b. Scheduling**

- i. As required to meet the conditions for Commercial Operation of Section 2.3.4 of the Agreement.
- ii. As otherwise provided in the Agreement.

#### **c. Procedure**

System starting state: The facility will be in the on-line state at 50% SOC and at an initial active power level of 0 MW and reactive power level of 0 MVAR. The facility control system will be configured to follow a predefined agreed-upon active power profile.

- i. Record the facility active power level at the Battery Storage Meter.
- ii. Command the facility to follow a simulated control signal of Pmax at .95 power factor for ten (10) minutes.



- iii. Record and store the facility active power response (in seconds).

System end state: The facility will be in the on-line state and at a commanded active power level of 0 MW.

## **V. BATTERY STORAGE RESPONSE TIME AND RAMP RATE TEST**

### **a. Purpose**

This test measures time for the Project to responds to dispatch setpoints.

### **b. Scheduling**

- i. As required to meet the conditions for Commercial Operation of Section 2.3.4 of the Agreement.
- ii. As otherwise provided in the Agreement.

### **c. Procedure**

- i. The Project will be placed into Idle Mode.
- ii. The Project shall be placed into Manual Mode and dispatched at full power rating.
- iii. Overall Response Time consists of two parts, as follows:
  - d. The time from when the command is written to Seller's controller, according to Seller's EMS, until the Project starts to move power toward the new setpoint as witnessed on the Battery Storage Meter; and
  - e. The rate at which the Project can change power output ("Ramp Rate") from when the Project starts to move power toward the new setpoint as witnessed on Battery Storage Meter to the time when the dispatch power point is reached.
- i. The communication latency time period is considered ended as soon as the meter registers a power value that is 100% +/-2.0% (of nameplate) different from the value it was at the start of the Response Time test.
- ii. The ramping time period is considered ended as soon as the meter registers a power value that is within 100% +/- 2.0% (of nameplate) of the dispatch power value.

### **f. Results**

- i. Trend from EMS showing dispatch signal and power throughout the testing period.
- ii. Results matrix (data download from EMS).

### **g. Pass Criteria**

The Project must satisfy the Response Time as well as the Ramp Rate, expressed in MW/min, and according to Prudent Utility Practices.

## **VI. BATTERY STORAGE REACTIVE POWER CAPABILITY TEST**



**a. Purpose**

This test will demonstrate the reactive power production capability of the facility.

**b. Scheduling**

- i. As required to meet the conditions for Commercial Operation of Section 2.3.4 of the Agreement.
- ii. As otherwise provided in the Agreement.

**c. Procedure**

System starting state: The facility will be in the on-line state at 50% SOC and at an initial active power level of 0 MW and reactive power level of 0 MVAR. The EMS will be configured to follow an agreed-upon predefined reactive power profile.

- i. Record the facility reactive power level at the Battery Storage Meter.
- ii. Command the facility to follow 15 MW for ten (10) minutes.
- iii. Record and store the facility reactive power response.

System end state: The facility will be in the on-line state and at a commanded reactive power level of 0 MVAR.

**VII. BATTERY STORAGE REACTIVE POWER CONSUMPTION TEST**

**a. Purpose**

This test will demonstrate the reactive power consumption capability of the facility.

**b. Scheduling**

- i. As required to meet the conditions for Commercial Operation of Section 2.3.4 of the Agreement.
- ii. As otherwise provided in the Agreement.

**c. Procedure**

System starting state: The facility will be in the on-line state at 50% SOC and at an initial active power level of 0 MW and reactive power level of 0 MVAR. The facility control system will be configured to follow an agreed-upon predefined reactive power profile.

- i. Record the facility reactive power level at the Battery Storage Meter.
- ii. Command the facility to follow 15 MW for ten (10) minutes.
- iii. Record and store the facility reactive power response.

System end state: The facility will be in the on-line state and at a commanded reactive power level of 0 MVAR.



Upon mutual agreement of both Parties, a new Exhibit M may be issued. When updated, the Parties will insert a new effective date for this Exhibit M, which will replace the prior Exhibit M.

Effective Date: [Month, Day, Year]

\_\_\_\_\_  
Signature of Seller

\_\_\_\_\_  
Signature of SMUD



## Exhibit N

### PROJECT MILESTONE SCHEDULE

Below is a list of key project milestones and the targeted completion date for each.

In the case that a milestone is not achieved by the listed completion date the following actions will be required:

1. An updated project schedule which shows the recovery needed to achieve COD and GCOD
2. Report provided to Buyer detailing the cause for delay, its impact to the Project overall and the plan moving forward
3. An updated Exhibit N submitted and signed by Seller

Milestone	Responsible Party	Date	Contract
Pre-Energization Testing for Transmission Provider Interconnection Facilities—indoor/outdoor Equipment Testing (energy source is station service)	SMUD/Seller	2/28/2027	LGIA Section 6.1
Initial Energization Date (Permission to energize for Transmission Provider Interconnection Facilities (energy source is 230kV to allow for back feed))	SMUD	3/31/2027	LGIA Section 6.1
Start Pre-commercial Energy & Operation Testing (Must start five months prior to scheduled COD)	SMUD/Seller	4/30/2027	LGIA Section 6.2
CEQA Addendum	SMUD	12/31/2025	PPA Section 5.1
Other Discretionary Permits	Seller	4/30/2026	PPA Section 5.1
Development Security Submittal	Seller	10 business days from Effective Date	PPA Section 8.1
Delivery Term Security Submittal	Seller	9/30/2027	PPA Section 8.1
Scheduled COD	Seller	9/30/2027	PPA Exhibit A
Guaranteed COD	Seller	2/29/2028	PPA Exhibit A

Upon mutual agreement of both Parties, a new Exhibit N may be issued. When updated, the Parties will insert a new effective date for this Exhibit N, which will replace the prior Exhibit N.

Effective Date: [Month, Day, Year] \_\_\_\_\_

\_\_\_\_\_  
Signature of Seller

\_\_\_\_\_  
Signature of SMUD



**Exhibit O**  
**ROUND TRIP EFFICIENCY GUARANTY**

For purposes of the Agreement and this Exhibit O, the term “**Guaranteed Round Trip Efficiency**” means, for each Contract Year, the corresponding value set forth in the Round Trip Efficiency Guaranty Table set forth below.

Round Trip Efficiency Guaranty Table

Contract Year	Guaranteed Round Trip Efficiency (%)
1	86.00%
2	85.83%
3	85.66%
4	85.49%
5	85.31%
6	85.14%
7	84.97%
8	84.80%
9	84.63%
10	84.46%
11	84.30%
12	84.13%
13	83.96%
14	83.79%
15	83.62%
16	83.46%
17	83.29%
18	83.12%
19	82.96%
20	82.79%
21	82.62%
22	82.45%
23	82.28%
24	82.11%
25	81.94%

For purposes of the Agreement and this Exhibit O, the term “**Round Trip Efficiency**” is the amount set forth in the following formula, as determined in the Battery Storage Capacity Test performed under Exhibit M.

$$\text{Round Trip Efficiency} = \frac{\text{Discharging Energy}}{\text{Charging Enregy}}$$

**Round Trip Efficiency Liquidated Damages**



If, for any Contract Year, the Round Trip Efficiency determined by the Annual Battery Storage Capacity Test (or any retest conducted within seven days of the initial Battery Storage Capacity Test) conducted for such Contract Year is less than the corresponding Guaranteed Round Trip Efficiency for such Contract Year, the following "**Round Trip Efficiency Liquidated Damages**" will apply on an annual basis:

$$\text{RTELD} = \text{LMP} \times \text{RTES} \times \text{CE}$$

Where:

RTELD = Round Trip Efficiency Liquidated Damages

LMP = the simple average of the Locational Marginal Price (as defined in the CAISO Tariff) at the Project pNode (as defined in the CAISO Tariff) in the Day-Ahead Market for the hours that the Project is either charging or discharging in response to a Dispatch Instruction during the Contract Year

RTES = Guaranteed Round Trip Efficiency minus the Round Trip Efficiency determined by the relevant Annual Battery Storage Capacity Test (or, if a retest is taken within seven days of the initial Battery Storage Capacity Test conducted for such Contract Year, then such retest)

CE = the amount of Charging Energy used to charge the Project during the Contract Year

Upon mutual agreement of both Parties, a new Exhibit O may be issued. When updated, the Parties will insert a new effective date for this Exhibit O, which will replace the prior Exhibit O.

Effective Date: [Month, Day, Year] \_\_\_\_\_

\_\_\_\_\_  
Signature of Seller

\_\_\_\_\_  
Signature of SMUD



## EXHIBIT P [METERING DIAGRAM]

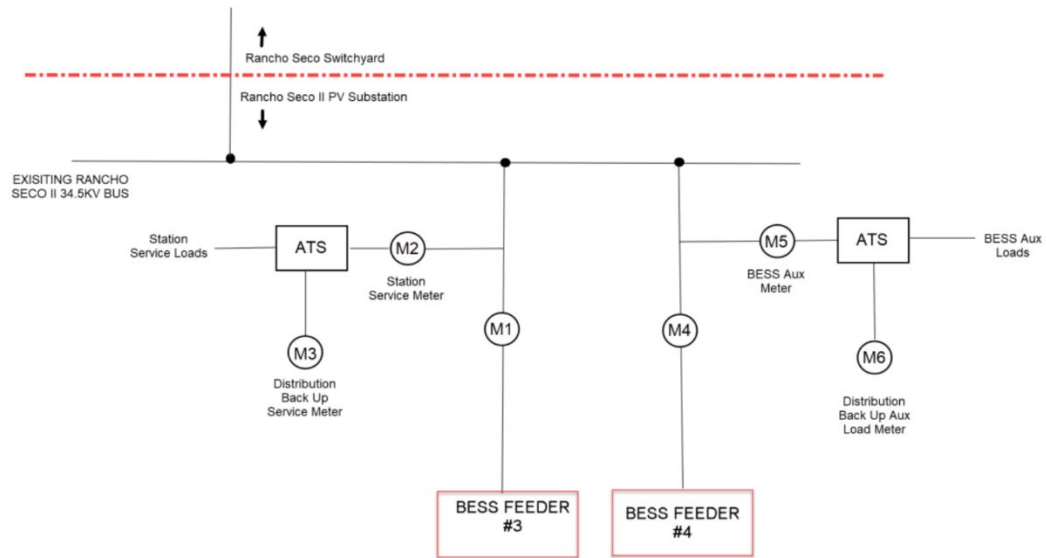


Figure 7.1.1 - Q22 Metering Diagram

Upon mutual agreement of both Parties, a new Exhibit P may be issued. When updated, the Parties will insert a new effective date for this Exhibit P, which will replace the prior Exhibit P.

Effective Date: [Month, Day, Year] \_\_\_\_\_

\_\_\_\_\_  
Signature of Seller

\_\_\_\_\_  
Signature of SMUD



**EXHIBIT Q**  
**[FORM OF LETTER OF CREDIT]**

**LETTER OF CREDIT**

To: Sacramento Municipal Utility District  
Energy Contracts Administration  
6301 S Street, MS A404  
Sacramento, CA 95817-1899

Re: Our Irrevocable Standby Letter of Credit No. [\_\_\_\_\_]   
In the Amount of US\$ [\_\_\_\_\_] ([\_\_\_\_\_] and [ ]/100 U.S. Dollars) for [Development/Delivery  
Term] Security

Gentlemen:

We hereby open our irrevocable standby Letter of Credit Number No.[\_\_\_\_\_] in favor of the Sacramento Municipal Utility District ("Beneficiary"), by order and for account of Dry Creek Energy Storage, LLC ("Account Party"), 575 Fifth Avenue, 24th Floor, New York, NY 10017, c/o D. E. Shaw Renewable Investments, L.L.C, available at sight upon demand at our counters, at [\_\_\_\_\_] , for an amount of US\$ [\_\_\_\_\_] ([\_\_\_\_\_] and [ ]/100 U.S. Dollars) and against presentation one of the following documents:

1- Statement signed by a person purported to be an authorized representative of Beneficiary stating that: "Dry Creek Energy Storage, LLC (the "Seller") is in default under the Energy Storage Power Purchase Agreement between Beneficiary and Seller, dated [\_\_\_\_\_] , or under any transaction contemplated thereby (whether by failure to perform or pay any obligation thereunder or by occurrence of a "default", "event of default" or similar term as defined in such agreement, any other agreement between Beneficiary and Seller, or otherwise). The amount due to Beneficiary is US \$[\_\_\_\_\_]."

Or

2. Statement signed by a person purported to be an authorized representative of Beneficiary stating that: "Dry Creek Energy Storage, LLC ("Seller") has terminated the Energy Storage Power Purchase Agreement between Beneficiary and Seller dated [\_\_\_\_\_] pursuant to such agreement. The amount due to Beneficiary is US \$[\_\_\_\_\_]."

Or

3. Statement signed by a person purported to be an authorized representative of Beneficiary stating that: "as of the close of business on [\_\_\_\_\_] [insert date, which is less than forty-five (45) days prior to the expiration date of the Letter of Credit] you have provided written notice to us indicating your election not to permit extension of this Letter of Credit beyond its current expiry date. The amount due to Beneficiary, whether or not a default has occurred, is U.S. \$[\_\_\_\_\_]."

Special Conditions:

- All costs and banking charges pertaining to this Letter of Credit are for the account of Account Party.
- Partial and multiple drawings are permitted.
- Presentation of the Letter of Credit and Documents 1, 2 or 3 above may be made (i) in person, (ii) by first class certified and registered U.S. mail, or (iii) overnight mail on or before the expiration date.



This Letter of Credit expires on [one year anniversary of date of issuance] at our counters.

We hereby engage with Beneficiary that upon presentation or facsimile transmission of a document as specified under and in compliance with the terms of this Letter of Credit, this Letter of Credit will be duly honored in the amount stated in Document 1, 2 or 3 above. If a document is so presented by 1:00 pm New York time on any banking day, we will honor the same in full in immediately available funds on the next banking day and, if so presented after 1:00 pm New York time on a banking day, we will honor the same in full in immediately available funds by noon on the second succeeding banking day.

It is a condition of this Letter of Credit that it shall be deemed automatically extended without an amendment for a one year period beginning on the present expiry date hereof and upon each anniversary of such date, unless at least ninety (90) days prior to any such expiry date we have sent you written notice by registered mail or overnight courier service that we elect not to permit this Letter of Credit to be so extended beyond the then current expiry date, and it will expire on its then current expiry date. No presentation made under this Letter of Credit after such expiry date will be honored.

Except as stated herein, this letter of credit is not subject to any condition or qualification and is our individual obligation which is in no way contingent upon reimbursement or any right of subrogation. We irrevocably waive any and all rights of subrogation, whether as provided by statute or otherwise, now or hereafter that might, but for such waiver exist, in respect to this letter of credit or any payment we make under it, as to Dry Creek Energy Storage, LLC, Beneficiary, or the transaction between Beneficiary and Dry Creek Energy Storage, LLC. We further give irrevocable notice that we are not now and will not be the secondary obligor or co-obligor of Dry Creek Energy Storage, LLC's obligation and liabilities to Beneficiary for any purpose. Our obligations to Beneficiary under this letter of credit are our primary obligations and are strictly as stated herein

We agree that if this Letter of Credit would otherwise expire during, or within 30 days after, an interruption of our business caused by an act of god, riot, civil commotion, insurrection, act of terrorism, war or any other cause beyond our control or by any strike or lockout, then this Letter of Credit shall expire on the 30<sup>th</sup> day following the day on which we resume our business after the cause of such interruption has been removed or eliminated and any drawing on this Letter of Credit which could properly have been made but for such interruption shall be permitted during such extended period.

This Letter of Credit shall be governed by the International Standby Practices 1998, International Chamber of Commerce Publication No. 590 ("ISP98"), except to the extent that the terms hereof are inconsistent with the provisions of the ISP98, in which case the terms of this Letter of Credit shall govern.

[\_\_\_\_], a [\_\_\_\_\_]

\_\_\_\_\_  
Authorized Signature(s)



**EXHIBIT R**

**RESERVED**



**EXHIBIT S**  
**BATTERY STORAGE RELIABILITY PERCENTAGE**

**1. General**

**a. Introduction and Purpose**

The purpose of the Battery Storage Reliability Percentage calculation is to quantify the extent to which the Project is shown to reliably follow the SMUD Setpoint during a given Settlement Period.

It is the intent of the Battery Storage Reliability Percentage calculation of this Exhibit S to avoid double counting the same event as contributing both to a reduced Availability Percentage and a reduced Battery Storage Reliability Percentage. The Availability Percentage calculations of Exhibit U must be calculated prior to beginning the Battery Storage Reliability Percentage calculations of this Exhibit S. The Battery Storage Reliability Percentage calculation of this Exhibit S shall be adjusted to avoid counting, as a reduction to the Battery Storage Reliability Percentage, any interval for which a reduced Availability Percentage has already been calculated.

To the extent that the Battery Storage Reliability Percentage and the Availability Percentage are measured as less than one hundred percent (100%) as a result of the same event(s) or facts and circumstances, the Battery Storage Reliability Percentage shall be deemed to be one hundred percent (100%) for purposes of calculating the Monthly Settlement Amount in Section 2.4.1. Notwithstanding anything herein to the contrary, in the event that the calculated Battery Storage Reliability Percentage is equal to or greater than the Guaranteed Reliability, the Battery Storage Reliability Percentage shall be deemed to be one hundred percent (100%) for all purposes hereunder.

**b. Technical Disputes**

At the request of either Party, an independent, professional engineer shall be retained by the Parties to resolve any dispute under this Exhibit S. The requesting Party may select an expert from the following pre-approved independent, professional engineers: Leidos, Luminate, DNV, and Black & Veatch. An expert not on this pre-approved list will need to be agreed to by both Parties. Each Party shall cooperate reasonably with the other and with the selected expert to resolve the dispute expeditiously and efficiently. Each Party shall, within 30 days of the selection of the expert, provide to the expert in writing its position on the dispute and any back-up material supporting its position. The expert must agree with the position of one Party and may not implement a resolution to the dispute that differs from the proposal of a Party. The expert shall, within 30 days of the submission of Parties' positions, choose the Party position that, in the expert's determination, best reflects the appropriate resolution of the dispute. The Party whose position is not accepted by the expert shall pay all of the costs for the expert. For avoidance of doubt, the resolution of the dispute shall not apply to aspects of settlement that are included in other sections or exhibits of this PPA beyond this Exhibit S.

**2. Battery Storage Reliability Percentage**



**a. Prerequisite Conditions for Reliability Percentage Intervals**

The following conditions are required for any time interval to be included in the Battery Storage Reliability Percentage calculation:

- (i) Battery Storage Meter is operational and properly calibrated
- (ii) SCADA system for Project is operational and providing valid data
- (iii) SMUD Setpoint for Scheduled Battery Storage is valid, provided in accordance with this Agreement and is achievable consistent with the State of Charge, subject to the Battery Storage Operating Restrictions.

**b. Calculation**

Battery Storage Reliability Percentage is calculated using the following equation, averaged over all valid 5-minute intervals within a given Settlement Period.

$$BSRP = 100\% * \left[ 1 - \left| \frac{SBS - MTR}{X} \right| \right]$$

When  $|SBS| > 25\%$  of CP,  $X = SBS$ , otherwise  $X = 25\%$  of CP

Where:

BSRP = Battery Storage Reliability Percentage  
SBS = SMUD Setpoint for Scheduled Battery Storage  
MTR = Charging Energy or Discharging Energy, as applicable, recorded at the Battery Storage Meter  
CP = Available Battery Storage Capacity

Any interval where MTR deviates from SBS by less than 2% of the Expected Battery Storage Capacity shall be adjusted to set MTR equal to SBS.

The Battery Storage Reliability Percentage calculation shall account for deviations from SBS caused by failure to control ramp rate in accordance with Exhibit J.

Upon mutual agreement of both Parties, a new Exhibit S may be issued. When updated, the Parties will insert a new effective date for this Exhibit S, which will replace the prior Exhibit S.

Effective Date: [Month, Day, Year]

\_\_\_\_\_  
Signature of Seller

\_\_\_\_\_  
Signature of SMUD



**EXHIBIT T**  
**FORM OF SURETY**



**EXHIBIT U**  
**AVAILABILITY PERCENTAGE CALCULATIONS**

**1. General**

**a. Introduction and Purpose**

The purpose of the Availability Percentage calculation is to measure the Availability of the equipment associated with the Project, and to allow the Availability for the facility to be compared with the Guaranteed Availability. Such Availability Percentage calculations are carried out with respect to a “Reporting Period” which is equal to the Settlement Period according to the requirements of the Agreement.

The Project Availability Percentage calculation generally follows the International Electrotechnical Commission (IEC) Technical Specification 63019 (Edition 1.0 2019-05) titled “Photovoltaic power systems (PVPS) – Information model for availability”.

Notwithstanding anything herein to the contrary, in the event that the calculated Availability Percentage is equal to or greater than the Guaranteed Availability, the Availability Percentage shall be deemed to be one hundred percent (100%) for all purposes hereunder.

**b. Methods and Updates**

The Project Availability Percentage calculation shall assess the component Availability based upon the measured AC power for each inverter.

**2. Project Availability Percentage Calculation**

**a. Prerequisite Conditions for Availability Intervals**

The following condition is required for any time interval to be included in the Project Availability Percentage calculation:

- (a) Notwithstanding Excused Battery Events, the Project is able, in whole or in part, to provide Product as a result of the Battery Storage Operating Restrictions.

**b. Valid Availability Data Conditions**

The following conditions are required for any time interval to be valid with respect to the Project Availability Percentage calculation and therefore included in the resulting calculations to determine the Availability Percentage. Any time interval lacking any one of these requirements shall be considered a “Storage Invalid Data Time Interval” and therefore not included in the calculation to determine the Project Availability:

- (a) The Battery Storage Meter is operational and properly calibrated
- (b) SCADA system is operational and providing valid data

Storage Invalid Data Time Intervals shall be excluded from the Project Availability Percentage calculation provided, however, that if more than 10% of potential time intervals meeting the requirements of Section 2(a) of this Exhibit U fail to meet the requirements of



this Section 2(b), and if Seller is unable to provide an estimate of Availability from the available data, Buyer may at its reasonable discretion require Seller to include all Storage Invalid Data Time Intervals and assume 90% Availability in all such intervals. For non-communicating inverters and batteries, or inverters and batteries providing invalid data, such inverters and batteries shall be treated on a pro-rated basis for the purpose of determining the percent of time intervals qualifying as Storage Invalid Data Time Intervals.

### c. Calculation

For each Reporting Period, the Availability Percentage is calculated as:

$$BSAP = 100\% \times \left(1 - \frac{TOH - EBH}{PH}\right)$$

Where:

BSAP = Availability Percentage for the Project

PH = total period hours in the relevant Reporting Period meeting the conditions of Sections 2(a) and 2(b) of this Exhibit U.

EBH = equivalent hours of battery unavailability due to an Excused Battery Event

TOH = equivalent hours of battery unavailability below the Expected Battery Storage Capacity due to any cause

All calculations shall utilize up to 60-minute averaged data derived from raw data collected at one-minute or smaller time increments where the conditions of Section 3(a) of this Exhibit U are satisfied.

“Excused Battery Event (EBH)” shall mean the total number of hours or partial hours in the Reporting Period (PH) that are not included as available hours due to a Planned Outage, a Force Majeure event, any Buyer dispatched tests scheduled in accordance with the Agreement, any circumstances at the high voltage-side of the Delivery Point or beyond that may limit Seller’s delivery of Product, any failure of Buyer to perform its obligations under this Agreement, Buyer breach or default, or any period when Expected Battery Storage Capacity is equal to one hundred percent (100%) or more of the Annual Contract Capacity as a result of any modification, augmentation, overbuild and/or replacement of the Project pursuant to Section 2.1.1.

For the purpose of identifying equivalent unavailable hours among EBH and TOH, the fractional Availability shall be calculated for each time interval as the average of the ratio of available Capacity in MW to Expected Battery Storage Capacity.

#### Example calculation:

Duration: a full hour consisting of 1-minute time intervals

Derated power and energy:

- 0.6 MW power derate due to offline PCS inverters in all intervals (not excused)
- 8.0 MWh energy derate due to Planned Outage in 30 1-minute intervals (excused)

$$TOH = \frac{1}{2} \left[ \left( \frac{60}{60} \text{ minutes} \times \frac{0.6}{1.0} \text{ MW} \right) + \left( \frac{30}{60} \text{ minutes} \times \frac{8.0}{100} \text{ MWh} \right) \right] = 0.004651 \text{ hours}$$



$$EBH = \frac{1}{2} \left[ \left( \frac{60}{60} \text{ minutes} \times \frac{0.004651}{1} \text{ MW} \right) + \left( \frac{30}{60} \text{ minutes} \times \frac{0.002907}{1} \text{ MWh} \right) \right] = 0.002907 \text{ hours}$$

PH = 1 hours

The Availability for this hour is:

$$100\% \times \left( 1 - \frac{0.004651 - 0.002907}{1} \right) = 99.83\%$$

Upon mutual agreement of both Parties, a new Exhibit U may be issued. When updated, the Parties will insert a new effective date for this Exhibit U, which will replace the prior Exhibit U.

Effective Date: [Month, Day, Year]

\_\_\_\_\_  
Signature of Seller

\_\_\_\_\_  
Signature of SMUD



**EXHIBIT V**  
**MONTHLY OPERATING REPORT**

The Monthly Operating Report shall include the following content, to the extent applicable and as may be revised by the Parties by mutual agreement.

1. Summary
  - a. Safety & Environmental Summary
  - b. Maintenance Summary
  - c. Performance Summary
2. Plant Performance
  - a. Charging and Discharging Energy
  - b. Performance Metrics
    - i. Battery Storage Reliability Percentage
    - ii. Availability Percentage
  - c. Performance Summary
  - d. Equivalent full cycles per day, per month
  - e. Average Battery SOC
  - f. Total Energy throughput (all energy in and out) for Battery
  - g. Capacity for Period
    - i. Last Capacity test date
    - ii. Actual Capacity v Budget Capacity
3. Lost Energy and Outage Events
  - a. Forced Outage Events
    - i. Summary and Planned Resolution
  - b. Planned Outage Events
  - c. Planned Outage(s) Next Month
  - d. Top 10 Historic Outage & Downtime Events
4. Inverter & Battery Power Conversion Station (PCS) Availability
  - a. Actual v Budget for reporting period
  - b. Total hours for reporting period
  - c. Excused event hours for reporting period
5. Health, Safety, & Environmental
  - a. Safety Statistics
  - b. Health, Safety, & Environmental Notes
  - c. Environmental Incidents
6. Maintenance
  - a. Reactive Maintenance Log
  - b. Preventative Maintenance Log
  - c. Preventative Maintenance Inspection Schedule
  - d. Work Orders
  - e. BESS thermal management downtime including HVAC system, air flow obstruction(s), etc.
7. Inventory
  - a. Owners Inventory, Consumed & On-Order
8. Warranties
  - a. Battery Supply Agreement Warranty Claims
  - b. Inverter & PCS Warranty Claims
  - c. EPC Warranty Claims
  - d. Warranty Work Orders
9. Visitors Log
10. Alarms & Maintenance Updates



- a. Top Five Inverter & Battery Alarms
- b. Top Ten SCADA Alarms
- c. Annual Maintenance Plan Updates

Upon mutual agreement of both Parties, a new Exhibit V may be issued. When updated, the Parties will insert a new effective date for this Exhibit V, which will replace the prior Exhibit V.

Effective Date: [Month, Day, Year]

\_\_\_\_\_  
Signature of Seller

\_\_\_\_\_  
Signature of SMUD



## **Exhibit W**

### **PRINCIPLES OF RENEWABLE ENERGY DEVELOPMENT**

SMUD is committed to developing carbon free renewable energy in a manner that supports the community, protects the environment, and respects human rights. This document provides guidance on the key objectives that SMUD expects to achieve associated with this commitment. Developers of renewable energy projects engaged in a commercial relationship with SMUD such as a Power Purchase Agreement will use commercially reasonable efforts to provide, implement, and maintain throughout the Term, a Community Benefits Plan that addresses how the project will achieve the key objectives identified herein.

#### **Key objectives:**

1. **Land Use:** Prioritize previously developed lands. Avoid or minimize impacts on sensitive environmental resources, including but not limited to cultural resources, Tribal cultural resources, and biological resources such as endangered species habitat, vernal pools and other sensitive habitats, Waters of the US, Waters of the State and waters identified by CDFW as Streambed. Provide additional mitigation measures if avoidance and minimization measures cannot fully eliminate impacts. Applicants are expected to discuss these topics with both SMUD and the lead agency as early as possible to identify potential associated issues in advance of the purchase power agreement being finalized.
2. **Land Use:** All projects should employ commercially reasonable techniques for maintaining and/or restoring ecosystem function to the site in conjunction with renewable energy outcomes, including establishment of native vegetation, restricting use of herbicides and pesticides, use of grazing for vegetation management and seasonally appropriate maintenance practices. Where development is on or surrounded by agricultural lands the project should use commercially reasonable efforts to employ agricultural practices on the property during operations including sheep grazing, dry crop farming and irrigated food production where feasible.
3. **Land Use:** Employ design and construction practices that minimize ground disturbance to the extent practicable. This is especially critical in areas where cultural, Tribal cultural and biological resources are of significant concern.
4. **Sustainable Life Cycle Management:** Include plans for commercially reasonable sustainable life cycle management of construction materials and project components during construction and operation that provides for recycling and reuse of construction waste and waste during operation including but not limited to the solar panels.
5. **Community Benefits:**
  - (a) **Inclusive Economic Development:** Leverage SMUD's Supplier Education & Economic Development (SEED) team to connect with certified small business vendors/contractors in SMUD's service territory to support the project. Submit requests to [seed.mgr@smud.org](mailto:seed.mgr@smud.org).
1. **Zero Carbon Workforce Development:** SMUD seeks to galvanize and prepare the region for an inclusive, diverse, creative, and empowered future workforce. Leverage SMUD's existing workforce development agreements, programs, and partnerships throughout the Project to support the development of a clean energy labor force. The Project Team will work reasonably with SMUD to engage various elements of the labor supply chain via pre-apprentice and apprenticeship programs, internships, informational sessions, and mentorship opportunities by leveraging the following strategies



- Have primes, contractors visit SMUD-identified training programs and communicate applicable job postings (to instructors and SMUD Regional Workforce Development staff)
- Make some non-union positions available for workforce training opportunities
- Host a pre-job meeting with organized labor to discuss opportunities for focusing on local, equitable hiring
- Require that all organized labor draw/hire will happen from local pools unless not enough labor can be found locally.

2.

Sustainable Materials & Equipment: Use commercially reasonable efforts to source materials and equipment from companies that have a human rights policy and statement of supply chain ethics commitment that expresses the corporation's commitment to meet the responsibility to respect human rights and uphold ethical business practices in their operations and value chains.



President Fishman turned to Discussion Calendar Item 3, to approve Board member compensation for service rendered at the request of the Board (pursuant to Resolution No. 23-06-02) for the period April 16, 2025, through May 15, 2025.

Vice President Tamayo stated he needed to remove an item from his compensation sheet for the period April 16-30, 2025. He stated the item was labeled as "Wind Harvest Investor Meeting," and he requested to make that amendment.

No public comment was forthcoming for Discussion Calendar Item 3.

There being no discussion, Director Sanborn moved for approval of Discussion Calendar Item 3, Vice President Tamayo seconded, and Resolution No. 25-05-09 was unanimously approved.



**RESOLUTION NO. 25-05-09**

**BE IT RESOLVED BY THE BOARD OF DIRECTORS  
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

That this Board hereby approves Board member compensation for service rendered at the request of the Board (pursuant to Resolution No. 23-06-02) for the period of April 16, 2025, through May 15, 2025.

Approved: May 15, 2025

INTRODUCED: DIRECTOR SANBORN				
SECONDED: DIRECTOR TAMAYO				
DIRECTOR	AYE	NO	ABSTAIN	ABSENT
FISHMAN	X			
ROSE	X			
BUI-THOMPSON	X			
HERBER	X			
KERTH	X			
TAMAYO	X			
SANBORN	X			



President Fishman then turned to Discussion Calendar Item 12, to approve the issuance of SMUD 2025 Series O Revenue Bonds, and SMUD 2025 Series E Subordinated Electric Revenue Refunding Bonds, authorize the distribution of the Preliminary Official Statement, and authorize the Chief Executive Officer and General Manager to execute documents necessary to complete the refunding transaction or transactions, including the Bond Purchase Agreement or Agreements.

Jon Anderson, Assistant Treasurer, gave a presentation regarding Discussion Calendar Item 12. A copy of the slides used in his presentation is attached to these minutes.

No public comment was forthcoming for Discussion Calendar Item 12.

After some discussion, Director Rose moved for approval of Discussion Calendar Item 12, Director Herber seconded, and Resolution Nos. 25-05-10 through 25-05-13 were unanimously approved.



SACRAMENTO MUNICIPAL UTILITY DISTRICT

RESOLUTION NO. 25-05-10

SIXTY-EIGHTH SUPPLEMENTAL RESOLUTION  
AUTHORIZING THE ISSUANCE OF ONE OR MORE SERIES OR SUBSERIES OF  
ELECTRIC REVENUE BONDS

(Supplemental To Resolution No. 6649  
Adopted January 7, 1971)

Adopted: May 15, 2025



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**RESOLUTION NO. 25-05-10**

**Sixty-Eighth Supplemental Resolution  
(Supplemental To Resolution No. 6649,  
Adopted January 7, 1971)**

**Authorizing the Issuance of One or More Series or Subseries of  
Electric Revenue Bonds**

WHEREAS, on January 7, 1971, the Board of Directors of the Sacramento Municipal Utility District (the "Board") adopted its Resolution No. 6649 providing for the issuance of the Sacramento Municipal Utility District's Electric Revenue Bonds (as supplemented and amended, herein called the "Master Resolution");

WHEREAS, the Master Resolution provides that the Sacramento Municipal Utility District (the "District") may issue bonds from time to time as the issuance thereof is authorized by the Board by a supplemental resolution;

WHEREAS, revenue bonds may be issued pursuant to the provisions of the Master Resolution and Article 6a of Chapter 6 of the Municipal Utility District Act (California Public Utilities Code Sections 12850 et seq.) and the Revenue Bond Law of 1941 (California Government Code Section 54300 et seq.) for the purpose of financing improvements and additions to the District's Electric System;

WHEREAS, revenue bonds may be issued pursuant to the provisions of the Master Resolution and California Government Code Section 53580 et seq. for the purpose of refunding revenue bonds, including the District's commercial paper notes (the "Notes");

WHEREAS, the District has determined to issue its 2025 Bonds (as defined herein), at one or more times and in one or more series or subseries (as specified in the hereinafter defined Sales Certificates) and in an aggregate principal amount not to exceed the principal amount described herein, to (i) to the extent specified in one or more of the Sales Certificates, refund certain series and maturities of the District's Electric Revenue Bonds and/or Subordinated Electric Revenue Bonds (to be identified in one or more of the Sales Certificates) (the "Refunded Bonds"), (ii) to the extent specified in one or more of the Sales Certificates, finance and refinance improvements and additions to the District's Electric System, including through the payment of all or a portion of the District's outstanding Notes, (iii) pay costs of issuance (to the extent specified in the Sales Certificates), and (iv) make deposits to the Reserve Fund or a separate debt service reserve fund (as and if specified in one or more of the Sales Certificates);

WHEREAS, the District anticipates that, if necessary or desirable in the judgment of the Treasurer, it may seek commitments from one or more bond insurers (each, a "Bond Insurer") to issue one or more financial guaranty policies with respect to all or part of the 2025 Bonds, each of which commitments is expected to be conditioned on certain terms and conditions to be set forth in one or more insurance agreements among the applicable Bond Insurer, the Trustee and the District (each, an "Insurance Agreement");



WHEREAS, Section 8.03 of the Master Resolution provides that the District may amend the Master Resolution by a supplemental resolution to be effective when there shall have been filed with the District or the Trustee the written consents of the holders and registered owners of 60% of the District's Electric Revenue Bonds then outstanding; and

WHEREAS, the District has drafted proposed amendments to the Master Resolution which are described in Section 151.01 of this Sixty-Eighth Supplemental Resolution, and the District intends to issue the 2025 Bonds with the provision that each holder of the 2025 Bonds by purchasing the 2025 Bonds is deemed to have consented to the proposed amendments, all as more fully described herein;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Sacramento Municipal Utility District, as follows:

## **ARTICLE CXLIX**

### **2025 BONDS**

#### **Section 149.01     Authorization and Terms of 2025 Bonds.**

(a) The Board hereby authorizes the issuance of revenue bonds of the District for the purpose of (i) refunding outstanding revenue bonds of the District, and/or (ii) financing and refinancing improvements and additions to the District's Electric System, including through the payment of all or a portion of the District's outstanding Notes, in each case in accordance with the Master Resolution and the Sales Certificates. The authorization provided in this paragraph to issue revenue bonds shall include, in addition to the purposes mentioned above, the authorization to issue such bonds for the allocable portion of any original issue discount, underwriting discount, bond insurance premiums, costs of issuance, deposits to the Reserve Fund or a separate debt service reserve fund, and other miscellaneous costs necessary or desirable, in the judgment of the Treasurer, to be financed by such bonds.

(b) One or more series of bonds to be issued under the Master Resolution are hereby created. Said bonds shall be known as the "Sacramento Municipal Utility District Electric Revenue Bonds, 2025 Series [ ]", with such letter or other identifying series or subseries designations as are specified in the Sales Certificates (herein collectively called the "2025 Bonds"). The 2025 Bonds may be sold and issued at one or more times and in one or more series or subseries (as specified in the hereinafter defined Sales Certificates) only in fully registered form. The 2025 Bonds shall be initially registered in the name of "Cede & Co.," as nominee of The Depository Trust Company ("DTC") and shall be numbered in consecutive order in such manner as is determined by the Trustee. Registered ownership of the 2025 Bonds, or any portion thereof, may not thereafter be transferred except as set forth in Section 149.08.

(c) The 2025 Bonds shall be issued in such aggregate principal amount which, together with the aggregate principal amount, if any, of the District's Subordinated Electric Revenue Bonds, 2025 Series E and Subordinated Electric Revenue Bonds, 2025 Series F, shall not exceed \$350,000,000, shall be dated, shall bear interest at such rate or rates (payable on such dates), not exceeding the maximum rate permitted by law, shall mature and become payable as to



principal on such maturity dates in the amounts and subject to such mandatory sinking fund payments on such mandatory sinking fund payment dates, if any, all as set forth in one or more Sales Certificates to be executed and delivered concurrently with the sale of the applicable series or subseries of 2025 Bonds (collectively, the "Sales Certificates"). If all or any portion of the 2025 Bonds are to bear interest at variable rates of interest, not exceeding the maximum rate permitted by law, the manner of determining such variable rates of interest shall be as set forth in the applicable Sales Certificate. In addition to the provisions required pursuant to the terms of this Resolution to be specified in the Sales Certificates, the Chief Executive Officer and General Manager of the District, any Member of the Executive Committee of the District, the Treasurer of the District, the Secretary of the District, or the Chief Financial Officer of the District or the designee of any of them (each an "Authorized Officer"), on behalf of the District, may set forth in the Sales Certificates such provisions, in a form approved by its bond counsel and the District's counsel, as such Authorized Officer may deem necessary or desirable and consistent with the purpose of this Resolution, including provisions (i) adding additional covenants and agreements to be observed by the District, (ii) curing, correcting, amending or supplementing any ambiguous, defective or ineffective provision contained in the Resolution, or (iii) amending or supplementing any provision contained herein to the extent necessary to obtain one or more bond insurance policies, to obtain a rating on any of the 2025 Bonds, or to provide for the issuance of any of the 2025 Bonds if, in the judgment of any Authorized Officer, after consulting with its municipal advisor, bond counsel and District counsel, such insurance, rating or provision is reasonable. Any Authorized Officer, acting alone, is hereby authorized and instructed to execute and deliver the Sales Certificates and, upon execution and delivery thereof, the Sales Certificates shall be incorporated herein and in the Master Resolution by reference. The execution and delivery of the Sales Certificates shall be conclusive evidence that, where any judgment or determination of reasonableness is required to be made by the person signing said Sales Certificates, such judgment or determination has been made.

(d) Notwithstanding the foregoing, no Sales Certificate shall specify (i) a true interest cost on the applicable 2025 Bonds bearing interest at fixed rates of interest in excess of 5.50%; or (ii) a maturity date for any 2025 Bond later than forty (40) years after the dated date of such 2025 Bond.

(e) Interest on the 2025 Bonds shall be calculated on the basis and be payable on the dates set forth in the Sales Certificates, to the registered owners thereof as of the record dates specified in the Sales Certificates.

(f) Pursuant to Section 5.04 of the Master Resolution, the Sales Certificates shall specify whether the 2025 Bonds or any series or subseries thereof are to be secured by (A) the Reserve Fund, (B) a separate debt service reserve fund, or (C) neither (A) nor (B). If the Sales Certificates provide that the 2025 Bonds or any series or subseries thereof are to be secured by a separate debt service reserve fund, such Sales Certificates may provide for the creation of such funds or accounts in furtherance thereof as may be deemed appropriate in the Treasurer's discretion, and such funds or accounts shall be held in trust by the District or the Trustee, as specified in the Sales Certificates, solely for the benefit of the Holders of the 2025 Bonds or applicable series or subseries thereof, and is hereby pledged solely to the payment of the 2025 Bonds or applicable series or subseries thereof, subject to the application thereof for the purposes set forth in the Sales Certificates. If a separate debt service reserve fund is so created, the Sales



Certificates may further specify such other terms and provision relating thereto, as in the Treasurer's discretion are appropriate, including, without implied limitation, the minimum balance required to be maintained on deposit therein, the purposes for which moneys on deposit therein may or shall be applied, the terms on which any deficiencies therein are to be replenished, additional limitations concerning investment of moneys therein and the valuation thereof, and provisions concerning the deposit of credit instruments in lieu of cash therein.

(g) The Sales Certificates shall designate the series, amounts and maturity or sinking fund payment dates of the Refunded Bonds, if any.

Section 149.02 Redemption of 2025 Bonds. The 2025 Bonds or any series or subseries thereof shall be subject to redemption on the terms set forth below and in the Sales Certificates (which may specify that some or all of the 2025 Bonds will not be subject to redemption).

(a) Notice of Redemption. If any of the 2025 Bonds are subject to redemption, then in addition to the notice of redemption required to be given pursuant to Article IV of the Master Resolution, the Trustee shall mail, by first class mail, postage prepaid, notice of redemption of any 2025 Bond to the Securities Depositories. Failure of the Trustee to give notice of redemption to any Securities Depository, or any defect therein, however, shall not affect the sufficiency of the proceedings of redemption with respect to any 2025 Bond. For purposes of this paragraph, the following term shall have the following meaning:

“Securities Depositories” means DTC, 55 Water Street, 50th Floor, New York, N.Y. 10041-0099 Attn. Call Notification Department, Fax (212) 855-7232; or, in accordance with the current guidelines of the Securities and Exchange Commission, to such other address and/or such other securities depositories as the District may designate to the Trustee in writing.

Notwithstanding any contrary provision of Article IV of the Master Resolution or this Sixty-Eighth Supplemental Resolution, (1) publication of any notice of redemption shall not be required with respect to the 2025 Bonds, so long as such 2025 Bonds are in full book-entry form, (2) any notice of redemption of the 2025 Bonds shall be mailed not less than twenty (20) nor more than sixty (60) days prior to the redemption date, (3) any notice of optional redemption of 2025 Bonds may be made conditional on the receipt of money or any other condition, and (4) any notice of optional redemption of 2025 Bonds may be rescinded by written notice given to the Trustee by SMUD no later than two business days prior to the date specified for redemption.

(b) Redemption Otherwise Subject to Article IV. Except as in this Section and in the Sales Certificates otherwise provided, the redemption of 2025 Bonds shall be subject to the provisions of Article IV of the Master Resolution.

Section 149.03 Deposits to Interest Fund and Principal Account. Notwithstanding any contrary provision of the Resolution, the Treasurer, out of Net Revenues received by the District, shall set aside in the Interest Fund and the Principal Account, respectively, such amounts as may be required so that an amount equal to the amount of



principal and/or interest becoming due and payable on the 2025 Bonds on each interest payment date and principal payment date is on deposit in the Interest Fund and the Principal Account, respectively, at such time on or prior to such interest payment date or principal payment date as shall be specified in the Sales Certificates.

Section 149.04    2025 Sinking Fund.

(a)    An account is hereby established within the Sinking Fund created by Section 5.02 of the Master Resolution to be designated the “2025 Sinking Fund.” On or before each minimum sinking fund payment date for any 2025 Bonds set forth in the Sales Certificates, the Treasurer shall deposit in the 2025 Sinking Fund, out of Net Revenues received by the District, such amounts as may be required to cause the balance therein to be equal to the amount of the minimum sinking fund payment due and payable on the 2025 Bonds on such minimum sinking fund payment date as set forth in the Sales Certificates.

(b)    The District shall apply all such minimum sinking fund payments, as rapidly as practicable, to the purchase of 2025 Bonds at public or private sale, as and when and at such prices (including brokerage and other expenses, but excluding accrued interest, which is payable from the Interest Fund) as the District may in its discretion determine.

(c)    If on the first day of the month preceding the month in which a minimum sinking fund payment date occurs, as set forth in the Sales Certificates, the moneys in the 2025 Sinking Fund equal or exceed \$25,000, such moneys shall be applied by the District to the redemption on such minimum sinking fund payment date of as many 2025 Bonds as such moneys in the 2025 Sinking Fund shall suffice to redeem at a redemption price equal to the principal amount thereof (except that accrued interest on such 2025 Bonds so called for redemption shall be paid from the Interest Fund). All 2025 Bonds purchased or redeemed under the provisions of this Section shall be delivered to, and canceled by, the Trustee and shall not be reissued.

(d)    No application of any moneys to the retirement of 2025 Bonds shall operate to impair or affect the obligation of the District to make minimum sinking fund payments for 2025 Bonds in the amounts and at the times provided in this Section; however, the District shall not be deemed to be in default with respect to any 2025 Bonds minimum sinking fund payment for any minimum sinking fund payment date if at all times prior to such minimum sinking fund payment date the District shall have fixed rates and charges as required by Section 6.08 of the Master Resolution, and if at such minimum sinking fund payment date the aggregate principal amount of all 2025 Bonds theretofore purchased or redeemed through the operation of the 2025 Sinking Fund or otherwise (together with any moneys then in the 2025 Sinking Fund) equals or exceeds the aggregate amount of minimum sinking fund payments for 2025 Bonds then and theretofore required to be made pursuant to this Section.

(e)    Any moneys remaining in the 2025 Sinking Fund after all 2025 Bonds have been retired shall be returned to the District for any lawful District use.

Section 149.05    Form of 2025 Bonds. The 2025 Bonds, and the certificate of authentication and registration to be executed thereon, shall be in substantially the form set forth



as Appendix A to this Sixty-Eighth Supplemental Resolution. The series or subseries designations, numbers, maturity dates, interest rates, method or methods of determining interest rates, redemption provisions and other terms of the 2025 Bonds shall be inserted therein in conformity with the Sales Certificates.

Section 149.06 Issuance of 2025 Bonds.

(a) At any time after the adoption of this Sixty-Eighth Supplemental Resolution and the execution and delivery of the applicable Sales Certificate, the District may execute and deliver 2025 Bonds in the aggregate principal amount set forth in the applicable Sales Certificate, but not to exceed the aggregate principal amount described in Section 149.01(c).

(b) The Trustee shall authenticate and deliver the 2025 Bonds upon written order of the District.

(c) The proceeds of the sale of the 2025 Bonds shall be set aside and applied by the Treasurer as set forth in the Sales Certificates.

Section 149.07 Refunding of 2025 Bonds. If Refunding Bonds are issued for the purpose of refunding 2025 Bonds, then, in addition to any other provisions of Section 3.05 of the Master Resolution, the District is authorized to apply proceeds of the sale of such Refunding Bonds to the payment of the purchase price of direct non-callable obligations of the United States of America ("Treasury Obligations") to be held by the Trustee to insure the payment or retirement at or before maturity of all or a portion of the outstanding 2025 Bonds. Upon deposit with the Trustee, in trust, of money or Treasury Obligations (including, but not limited to, direct obligations of the United States of America issued in book-entry form on the books of the Department of the Treasury of the United States of America), or any combination thereof, sufficient, together with the interest to accrue on any such Treasury Obligations, to pay or redeem all or a portion of 2025 Bonds then outstanding at or before their maturity date, provided that, in the case of 2025 Bonds which are to be redeemed prior to maturity, notice of such redemption shall have been given as provided in Article IV of the Master Resolution or provision satisfactory to the Trustee shall have been made for the giving of such notice, all liability of the District in respect of such 2025 Bonds shall cease, determine and be completely discharged, and the holders thereof shall thereafter be entitled only to payment by the District out of the money and Treasury Obligations deposited with the Trustee as aforesaid for their payment, subject, however, to the provisions of Section 10.03 of the Master Resolution. If the liability of the District shall cease and determine with respect to all or a portion of the 2025 Bonds as above provided, then said 2025 Bonds shall not be considered to be outstanding Bonds for any purpose of the Master Resolution or of this Sixty-Eighth Supplemental Resolution.

Section 149.08 Use of Depository. Notwithstanding any provision of the Master Resolution or this Sixty-Eighth Supplemental Resolution to the contrary:

(a) The 2025 Bonds shall be initially issued as provided in Section 149.01. Registered ownership of the 2025 Bonds, or any portion thereof, may not thereafter be transferred except:



(i) To any successor of DTC or its nominee, or to any substitute depository designated pursuant to clause (ii) of this subsection (a) (“substitute depository”); provided that any successor of DTC or substitute depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(ii) To any substitute depository not objected to by the Trustee, upon (1) the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or (2) a determination by the District that DTC or its successor (or any substitute depository or its successor) is no longer able to carry out its functions as depository; provided that any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(iii) To any person as provided below, upon (1) the resignation of DTC or its successor (or substitute depository or its successor) from its functions as depository; provided that no substitute depository which is not objected to by the Trustee can be obtained or (2) a determination by the District that it is in the best interests of the District to remove DTC or its successor (or any substitute depository or its successor) from its functions as depository.

(b) In the case of any transfer pursuant to clause (i) or clause (ii) of Section 140.08(a) hereof, upon receipt of all outstanding 2025 Bonds by the Trustee, together with a Certificate of the District to the Trustee, a single new 2025 Bond shall be executed and delivered for each maturity of each series of 2025 Bonds then outstanding registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such Certificate of the District. In the case of any transfer pursuant to clause (iii) of Section 149.08(a) hereof, upon receipt of all outstanding 2025 Bonds by the Trustee together with a Certificate of the District to the Trustee, new 2025 Bonds shall be executed, authenticated and delivered in such denominations and registered in the names of such persons as are requested in such a Certificate of the District, subject to the limitations of Section 149.08(a) hereof, provided the Trustee shall not be required to deliver such new 2025 Bonds within a period less than 60 days from the date of receipt of such a Certificate of the District. Subsequent to any transfer pursuant to clause (iii) of Section 149.08(a) hereof, the 2025 Bonds shall be transferred as provided in Article II of the Master Resolution.

(c) In the case of partial redemption or refunding of the 2025 Bonds of a series evidencing all or a portion of the principal maturing in a particular year, DTC shall make an appropriate notation on such 2025 Bonds indicating the date and amounts of such reduction in principal. The Trustee shall incur no liability for the failure or any error by DTC in making such notation and the records of the Trustee shall be determinative of the outstanding principal amount of 2025 Bonds.

(d) The District and the Trustee shall be entitled to treat the person in whose name any 2025 Bond is registered as the Bondholder thereof for all purposes of the Master Resolution and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the District; and the District and the Trustee shall have no responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with, any beneficial owners of the 2025 Bonds. Neither the District nor the Trustee will have any



responsibility or obligations, legal or otherwise, to the beneficial owners or to any other party including DTC or its successor (or substitute depository or its successor), except for the holder of any 2025 Bond.

(e) So long as the outstanding 2025 Bonds are registered in the name of Cede & Co. or its registered assigns, the District and the Trustee (to the extent funds are provided to it by the District) shall cooperate with Cede & Co., as sole registered Bondholder, and its registered assigns, in effecting payment of the principal of and redemption premium, if any, and interest on the 2025 Bonds by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available on the date they are due.

#### Section 149.09 Tax Covenants.

(a) The District shall at all times do and perform all acts and things permitted by law which are necessary or desirable in order to assure that interest paid on the 2025 Bonds (or any of them) will be excluded from gross income for federal income tax purposes and shall take no action that would result in such interest not being excluded from gross income for federal income tax purposes. Without limiting the generality of the foregoing, the District agrees to comply with the provisions of each Tax Certificate of the District, dated the date of issuance of the applicable 2025 Bonds, as amended from time to time in accordance with its terms (collectively, the “Tax Certificate”). This covenant shall survive payment in full or defeasance of the 2025 Bonds.

(b) Without limiting the generality of the foregoing, the District agrees that there shall be paid from time to time all amounts required to be rebated to the United States of America pursuant to Section 148(f) of the Internal Revenue Code of 1986 (the “Code”) and any temporary, proposed or final United States Treasury Regulations as may be applicable to the 2025 Bonds from time to time (the “Rebate Requirement”). The District specifically covenants to pay or cause to be paid the Rebate Requirement as provided in the Tax Certificate to the United States of America from any Net Revenues lawfully available to the District. This covenant shall survive payment in full or defeasance of the 2025 Bonds. Capitalized terms in this Section not otherwise defined in the Master Resolution or this Sixty-Eighth Supplemental Resolution shall have the meanings ascribed to them in the Tax Certificate.

(c) Notwithstanding any provision of this Section, if the District shall obtain an opinion of counsel of recognized national standing in the field of obligations the interest on which is excluded from gross income for purposes of federal income taxation to the effect that any specified action required under this Section is no longer required, or to the effect that some different action is required, to maintain the exclusion from gross income of the interest on the 2025 Bonds under Section 103 of the Code, the District may rely conclusively on such opinion in complying with the provisions hereof, and the agreements and covenants hereunder shall be deemed to be modified to that extent without the necessity of an amendment of the Master Resolution or this Sixty-Eighth Supplemental Resolution or the consent at any time of the Bondholders.



(d) This Section 149.09 shall be inapplicable to the 2025 Bonds, if any, issued bearing interest included in gross income for federal income tax purposes, as set forth in the applicable Sales Certificate.

Section 149.10 Terms of 2025 Bonds Subject to the Master Resolution.

(a) Except as in this Sixty-Eighth Supplemental Resolution expressly provided, every term and condition contained in the Master Resolution shall apply to this Sixty-Eighth Supplemental Resolution and to the 2025 Bonds with the same force and effect as if the same were herein set forth at length, with such omissions, variations and modifications thereof as may be appropriate to make the same conform to this Sixty-Eighth Supplemental Resolution.

(b) This Sixty-Eighth Supplemental Resolution and all the terms and provisions herein contained shall form part of the Master Resolution as fully and with the same effect as if all such terms and provisions had been set forth in the Master Resolution. The Master Resolution is hereby ratified and confirmed and shall continue in full force and effect in accordance with the terms and provisions thereof, as supplemented and amended hereby.

Section 149.11 Continuing Disclosure. The District hereby covenants and agrees that it will comply with and carry out all of the provisions of each Continuing Disclosure Agreement dated the date of issuance of the applicable 2025 Bonds (collectively, the “Continuing Disclosure Agreement”). Notwithstanding any other provision of the Master Resolution or this Sixty-Eighth Supplemental Resolution, failure of the District or the Trustee to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, the Trustee shall, at the written request of any Participating Underwriter (as defined in the Continuing Disclosure Agreement) or the Holders of at least 25% aggregate principal amount of outstanding 2025 Bonds upon receipt of indemnity satisfactory to the Trustee or any Holder of 2025 Bonds or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Section. For purposes of this Section, “Beneficial Owner” means any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any 2025 Bonds (including persons holding 2025 Bonds through nominees, depositories or other intermediaries).

ARTICLE CL

INSURANCE PROVISIONS

Section 150.01 Insurance Agreements. Each Insurance Agreement, if any, is hereby incorporated in this Sixty-Eighth Supplemental Resolution by this reference, and the District covenants and agrees to comply with the terms and conditions thereof. The District further declares, covenants and agrees that the terms and conditions of each Insurance Agreement, if any, shall govern, with respect to the applicable 2025 Bonds, the rights and responsibilities of the District, the Trustee, the applicable Bond Insurer and the holders of the applicable 2025 Bonds, to the extent such terms and conditions may be inconsistent with any other provision of the Master Resolution, as amended and supplemented, including as supplemented by this Sixty-Eighth Supplemental Resolution.



## ARTICLE CLI

### AMENDMENT OF MASTER RESOLUTION

Section 151.01 Amendment of Master Resolution. The District intends to amend the Master Resolution substantially in the form of Appendix B to this Sixty-Eighth Supplemental Resolution (the “Proposed Amendments”). The purchasers of the 2025 Bonds, by virtue of their purchase of the 2025 Bonds, have consented to the Proposed Amendments. Pursuant to Section 8.03 of the Master Resolution, the Proposed Amendments shall become effective when the written consents of the holders and registered owners of 60% of the Bonds then outstanding have been filed with the District or the Trustee.

Approved: May 15, 2025

INTRODUCED: DIRECTOR ROSE				
SECONDED: DIRECTOR HERBER				
DIRECTOR	AYE	NO	ABSTAIN	ABSENT
FISHMAN	X			
ROSE	X			
BUI-THOMPSON	X			
HERBER	X			
KERTH	X			
TAMAYO	X			
SANBORN	X			



**APPENDIX A**  
**FORM OF BOND**

No. R-\_\_\_\_\_

\$\_\_\_\_\_

**SACRAMENTO MUNICIPAL UTILITY DISTRICT  
ELECTRIC REVENUE [REFUNDING] BOND  
2025 SERIES [ ]**

Maturity

Interest Per Annum

Date

CUSIP

REGISTERED OWNER:     CEDE & CO.

PRINCIPAL AMOUNT:

SACRAMENTO MUNICIPAL UTILITY DISTRICT, a municipal utility district duly organized and existing under and pursuant to the laws of the State of California (hereinafter called the "District"), for value received, hereby promises to pay (but only out of the Net Revenues hereinafter referred to) to the registered owner named above or registered assigns, on the maturity date specified above, the principal sum specified above together with interest thereon from the date of initial delivery hereof, until the principal hereof shall have been paid, at the interest rate per annum specified above, payable on [ ] and [ ] of each year, commencing [ ]. Interest hereon is payable in lawful money of the United States of America by check or draft mailed on each interest payment date to the registered owner as of the first day of the month (whether or not a business day) in which an interest payment date occurs. Interest hereon shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. At the option of the owners of \$1,000,000 or more in aggregate principal amount of Bonds of this series, interest hereon is also payable in lawful money of the United States of America by wire transfer to such address as has been furnished to the Trustee in writing by the registered owner hereof at least 15 days prior to the interest payment date for which such payment by wire transfer is requested. The principal hereof is payable at the designated corporate trust office of U.S. Bank Trust Company, National Association, the Trustee, in lawful money of the United States of America.

This Bond is one of a duly authorized issue of Sacramento Municipal Utility District Electric Revenue Bonds (hereinafter called the "Bonds") of the series and designation indicated on the face hereof. Said authorized issue of Bonds is not limited in aggregate principal amount, except as otherwise provided in the Resolution hereinafter mentioned, and consists or may consist of one or more series of varying denominations, dates, maturities, interest rates and other provisions, as in said Resolution provided, all issued and to be issued pursuant to the provisions of the Revenue Bond Law of 1941 as made applicable by Article 6a of Chapter 6 of Division 6 of the California Public Utilities Code and Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (hereinafter called the "Act"). This



Bond is issued pursuant to a resolution of the Board of Directors of the District, adopted January 7, 1971, providing for the issuance of the Bonds, as amended and supplemented (the "Resolution"), including as amended and supplemented by a Sixty-Eighth Supplemental Resolution, adopted May 15, 2025, authorizing the issuance of the 2025 Series [ ] Bonds. Reference is hereby made to the Resolution and the Act for a description of the terms on which the Bonds are issued and to be issued, the provisions with regard to the nature and extent of the Revenues, as that term is defined in the Resolution, and the rights of the registered owners of the Bonds; and all the terms of the Resolution and the Act are hereby incorporated herein and constitute a contract between the District and the registered owner from time to time of this Bond, and to all the provisions thereof the registered owner of this Bond, by its acceptance hereof, consents and agrees. Additional bonds may be issued on a parity with the Bonds of this authorized issue, but only subject to the conditions and limitations contained in the Resolution.

The Bonds and the interest thereon (to the extent set forth in the Resolution), together with the Parity Bonds (as defined in the Resolution) heretofore or hereafter issued by the District, and the interest thereon, are payable from, and are secured by a charge and lien on, the Net Revenues derived by the District from the Electric System (as those terms are defined in the Resolution). The District hereby covenants and warrants that for the payment of the Bonds and interest thereon, there have been created and will be maintained by the District special funds into which there shall be deposited from Net Revenues available for that purpose sums sufficient to pay the principal of, and interest on, all of the Bonds, as such principal and interest become due, and as an irrevocable charge the District has allocated Net Revenues to such payment, all in accordance with the Resolution.

The Bonds are special obligations of the District, and are payable, both as to principal and interest, out of the Net Revenues pertaining to the Electric System, and not out of any other fund or moneys of the District. No holder of this Bond shall ever have the right to compel any exercise of the taxing power of the District to pay this Bond or the interest hereon.

[The 2025 Series [ ] Bonds are not subject to redemption.][**Redemption Terms to be Determined at Time of Sale and Conformed to the applicable Official Statement and applicable Sales Certificate**]

This Bond is transferable by the registered owner hereof, in person or by the attorney of such owner duly authorized in writing, at the designated corporate trust office of the Trustee but only in the manner, subject to the limitations and upon payment of the charges provided in the Resolution, and upon surrender and cancellation of this Bond. Upon such transfer a new fully registered Bond or Bonds without coupons, of authorized denomination or denominations, for the same aggregate principal amount and maturity will be issued to the transferee in exchange herefor. No transfer of this Bond will be made during the 15 days next preceding each interest payment date.

The District, the Trustee and any paying agent may deem and treat the registered owner hereof as the absolute owner hereof for all purposes, and the District, the Trustee and any paying agent shall not be affected by any notice to the contrary.



The rights and obligations of the District and of the holders and registered owners of the Bonds may be modified or amended at any time in the manner, to the extent, and upon the terms provided in the Resolution, provided that no such modification or amendment shall (i) extend the fixed maturity of any Bond, or reduce the principal amount thereof, or reduce the rate or extend the time of payment of interest thereon, or reduce the amount of any premium payable upon the redemption hereof, without the consent of the holder of each Bond so affected, or (ii) reduce the percentage of Bonds required for the affirmative vote or written consent to an amendment or modification, without the consent of the holders of all the Bonds then outstanding, or (iii) without its written consent thereto, modify any of the rights or obligations of the Trustee.

It is hereby certified and recited that any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the incurring of the indebtedness evidenced by this Bond, and in the issuing of this Bond, do exist, have happened and have been performed in due time, form and manner, as required by the Constitution and statutes of the State of California, and that this Bond, together with all other indebtedness of the District pertaining to the Electric System, is within every debt and other limit prescribed by the Constitution and the statutes of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Resolution.

This Bond shall not be entitled to any benefit under the Resolution, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been signed by the Trustee.



IN WITNESS WHEREOF, SACRAMENTO MUNICIPAL UTILITY DISTRICT has caused this Bond to be executed in its name and on its behalf by the facsimile signature of the President of its Board of Directors and by the facsimile signature of its Treasurer and countersigned by the facsimile signature of its Secretary, and the seal of the District to be reproduced hereon by facsimile, and this Bond to be dated as of the date first written above.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By \_\_\_\_\_  
President of the Board of Directors

By \_\_\_\_\_  
Treasurer of the District

(SEAL)

Countersigned:

\_\_\_\_\_  
Secretary of the District

#### **CERTIFICATE OF AUTHENTICATION AND REGISTRATION**

This is one of the Bonds described in the within-mentioned Resolution and registered on the date set forth below.

Dated: U.S. BANK TRUST COMPANY, NATIONAL  
ASSOCIATION, as Trustee

By \_\_\_\_\_  
Authorized Officer



## ASSIGNMENT

For value received \_\_\_\_\_ hereby sell, assign and transfer unto \_\_\_\_\_ whose taxpayer identification number is \_\_\_\_\_ the within-mentioned Bond and hereby irrevocably constitute and appoint \_\_\_\_\_ attorney, to transfer the same on the books of the District at the office of the Trustee, with full power of substitution in the premises.

NOTE: The signature to this Assignment must correspond with the name on the face of the within Registered Bond in every particular, without alteration or enlargement or any change whatsoever.

Dated: \_\_\_\_\_

Signature Guaranteed by:

NOTE: Signature must be guaranteed by an eligible guarantor institution



**APPENDIX B**

**FORM OF PROPOSED AMENDMENTS TO MASTER RESOLUTION**

SACRAMENTO MUNICIPAL UTILITY DISTRICT

RESOLUTION NO. \_\_-\_\_-\_\_

\_\_\_\_\_ SUPPLEMENTAL RESOLUTION

AMENDING RESOLUTION NO. 6649

(Supplemental to Resolution No. 6649  
Adopted January 7, 1971)

Adopted: \_\_\_\_\_, 20\_\_



**RESOLUTION NO. \_\_-\_\_-\_\_**

**\_\_\_\_\_  
Supplemental Resolution  
(Supplemental to Resolution No. 6649,  
Adopted January 7, 1971)  
Amending Resolution No. 6649**

WHEREAS, the Board of Directors (the “Board”) of the Sacramento Municipal Utility District (the “District”), on January 7, 1971, adopted its Resolution No. 6649 (as previously supplemented and amended, herein called the “Master Resolution”) providing for the issuance of the District’s Electric Revenue Bonds (the “Bonds”);

WHEREAS, Section 8.03 of the Master Resolution provides that the District may amend the Master Resolution by a supplemental resolution to be effective when there shall have been filed with the District or the Trustee the written consents of the holders and registered owners of 60% of the Bonds then outstanding;

WHEREAS, the Board has determined to amend Sections 1.03, 3.02, 3.06, 5.04 and 6.08 of the Master Resolution, which amendments the Board deems necessary and desirable and not inconsistent with the Master Resolution;

WHEREAS, the District has obtained the consents of the holders and registered owners of 60% of the Bonds outstanding;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Sacramento Municipal Utility District, as follows:

**ARTICLE \_\_\_\_\_**

**AMENDMENT OF MASTER RESOLUTION**

SECTION \_\_\_\_\_. Amendment of Section 1.03 of Master Resolution. A new definition of “Subsidy” shall be added to Section 1.03 of the Master Resolution in correct alphabetical order to read as follows:

**‘Subsidy**

“Subsidy” means any subsidy, reimbursement or other payment from the federal government of the United States of America under the American Recovery and Reinvestment Act of 2009 (or any similar legislation or regulation of the federal government of the United States of America or any other governmental entity or any extension of any of such legislation or regulation).’



SECTION \_\_\_\_\_. Amendment of Section 3.02 of Master Resolution. A new paragraph shall be added to the end of Section 3.02 of the Master Resolution to read as follows:

“For purposes of the calculations specified in this Section 3.02: (1) any calculation of principal of and interest on Parity Bonds for any period of time shall be reduced by the amount of any Subsidy that the District receives or expects to receive during such period of time relating to or in connection with such Parity Bonds; and (2) to the extent the calculation of principal of and interest on Parity Bonds is reduced by the Subsidy as provided in clause (1) of this paragraph, any calculation of Net Revenues for any period of time shall be reduced by the amount of any Subsidy received or expected to be received by the District with respect to or in connection with such Parity Bonds during such period of time.”

SECTION \_\_\_\_\_. Amendment of Section 3.06 of Master Resolution. A new paragraph shall be added to the end of Section 3.06 of the Master Resolution to read as follows:

“For purposes of the calculations specified in this Section 3.06: (1) any calculation of principal of and interest on Parity Bonds for any period of time shall be reduced by the amount of any Subsidy that the District receives or expects to receive during such period of time relating to or in connection with such Parity Bonds; and (2) to the extent the calculation of principal of and interest on Parity Bonds is reduced by the Subsidy as provided in clause (1) of this paragraph, any calculation of Net Revenues for any period of time shall be reduced by the amount of any Subsidy received or expected to be received by the District with respect to or in connection with such Parity Bonds during such period of time.”

SECTION \_\_\_\_\_. Amendment of Section 5.04 of Master Resolution. A new paragraph shall be added to the end of Section 5.04 of the Master Resolution to read as follows:

“For purposes of calculating the “debt service ratio” and, unless otherwise specified in a Supplemental Resolution providing for the issuance of a series of Parity Bonds, the amount required to be maintained in the Reserve Fund pursuant to this Section 5.04: (1) any calculation of principal of and interest on Parity Bonds for any period of time shall be reduced by the amount of any Subsidy that the District receives or expects to receive during such period of time relating to or in connection with such Parity Bonds; and (2) to the extent the calculation of principal of and interest on Parity Bonds is reduced by the Subsidy as provided in clause (1) of this paragraph, any calculation of Net Revenues for any period of time shall be reduced by the amount of any Subsidy received or expected to be received by the District with respect to or in connection with such Parity Bonds during such period of time.”



SECTION \_\_\_\_\_. Amendment of Section 6.08 of Master Resolution. A new paragraph shall be added to the end of Section 6.08 of the Master Resolution to read as follows:

“For purposes of the calculations specified in this Section 6.08: (1) any calculation of principal of and interest on Parity Bonds for any period of time shall be reduced by the amount of any Subsidy that the District receives or expects to receive during such period of time relating to or in connection with such Parity Bonds; and (2) to the extent the calculation of principal of and interest on Parity Bonds is reduced by the Subsidy as provided in clause (1) of this paragraph, any calculation of Revenues for any period of time shall be reduced by the amount of any Subsidy received or expected to be received by the District with respect to or in connection with such Parity Bonds during such period of time.”

Adopted: \_\_\_\_\_, 20\_\_

INTRODUCED BY DIRECTOR				
SECONDED BY DIRECTOR				
DIRECTOR	AYE	NO	ABSTAIN	ABSENT



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SACRAMENTO MUNICIPAL UTILITY DISTRICT

RESOLUTION NO. 25-05-11

EIGHTEENTH SUPPLEMENTAL RESOLUTION

AUTHORIZING THE ISSUANCE OF

SUBORDINATED ELECTRIC REVENUE BONDS,  
2025 SERIES E

Adopted: May 15, 2025

(Supplemental to Resolution No. 85-11-1 adopted November 7, 1985  
as amended and restated by Resolution No. 01-06-10 adopted June 21, 2001)



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RESOLUTION NO. 25-05-11

Eighteenth Supplemental Resolution  
(Supplemental to Resolution No. 85-11-1 Adopted November 7, 1985,  
as amended and restated by Resolution No. 01-06-10 Adopted June 21, 2001)

Subordinated Electric Revenue Bonds,  
2025 Series E

WHEREAS, the Board of Directors (the “Board”) of the Sacramento Municipal Utility District (the “District”), on November 7, 1985, adopted its Resolution No. 85-11-1 which was amended and restated by Resolution No. 01-06-10, adopted on June 21, 2001, providing for the issuance of the District’s Subordinated Electric Revenue Bonds (as supplemented and amended, herein called the “Subordinate Master Resolution”);

WHEREAS, the Subordinate Master Resolution provides that the District may issue bonds from time to time as the issuance thereof is authorized by the Board by a supplemental resolution;

WHEREAS, revenue bonds may be issued pursuant to the provisions of the Subordinate Master Resolution and the Act (as defined in the Subordinate Master Resolution); and

WHEREAS, the District previously authorized the issuance of its Subordinated Electric Revenue Bonds, 2023 Series E and its Subordinated Electric Revenue Refunding Bonds, 2023 Series F pursuant to the Subordinate Master Resolution but such bonds were not issued; and

WHEREAS, the District has determined to issue its Subordinated Electric Revenue Bonds, 2025 Series E (the “2025E Subordinated Bonds”), in the aggregate principal amount determined as set forth in Section 106.02 to (i) finance and refinance improvements and additions to the District’s Electric System, including through the payment of all or a portion of the District’s outstanding commercial paper notes (to the extent set forth in the Sales Certificate), (ii) refund certain series of the District’s Electric Revenue Bonds and/or Subordinated Electric Revenue Bonds (to the extent set forth, and to be identified, in the Sales Certificate) (the “Refunded Bonds”), and (iii) pay costs of issuance (to the extent set forth in the Sales Certificate);

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Sacramento Municipal Utility District, as follows:

**ARTICLE CV**

**AUTHORITY AND DEFINITIONS**

**Section 105.01. Supplemental Resolution.** This Eighteenth Supplemental Resolution is supplemental to the Subordinate Master Resolution.



**Section 105.02. Definitions; Prevailing Time.**

(1) Except as provided by this Eighteenth Supplemental Resolution, all terms which are defined in Section 1.03 of the Subordinate Master Resolution shall have the same meanings in this Eighteenth Supplemental Resolution as such terms are given in said Section 1.03. Unless otherwise provided herein, all references to a particular time are to New York City time. In the event of a conflict between the meanings given in said Section 1.03 and the meanings given in this Section, the meanings given in this Section shall prevail.

(2) In this Eighteenth Supplemental Resolution:

**Alternate Credit Enhancement** shall mean a letter of credit, insurance policy, line of credit, surety bond, standby purchase agreement or other security instrument issued in accordance with the terms hereof as a replacement or substitute for any Credit Enhancement then in effect and providing for or supporting the payment of the principal of and interest on the 2025E Subordinated Bonds.

**Alternate Liquidity Facility** shall mean a letter of credit, line of credit, standby bond purchase agreement or other liquidity instrument issued in accordance with the terms hereof as a replacement or substitute for any Liquidity Facility then in effect and providing for the payment of the Purchase Price of Tendered Bonds.

**Alternate Rate** shall mean, on any Rate Determination Date, for any Interest Rate Mode other than a Direct Purchase Index Mode, an Index Mode or a Term Rate Mode, a rate per annum equal to 110% of (a) the SIFMA Municipal Swap Index of Municipal Market Data most recently available as of the date of determination, or (b) if such index is no longer available, or if the SIFMA Municipal Swap Index is no longer published, the S&P Municipal Bond 7 Day High Grade Rate Index, or if neither the SIFMA Municipal Swap Index nor the S&P Municipal Bond 7 Day High Grade Rate Index is published, the index determined to equal the prevailing rate determined by the Remarketing Agent for tax-exempt state and local government bonds meeting criteria determined in good faith by the Remarketing Agent to be comparable under the circumstances to the criteria used by the Securities Industry and Financial Markets Association to determine the SIFMA Municipal Swap Index just prior to when the Securities and Financial Markets Association stopped publishing the SIFMA Municipal Swap Index. The Trustee shall make the determinations required by this definition, upon notification from the District, if there is no Remarketing Agent, if the Remarketing Agent fails to make any such determination or if the Remarketing Agent has suspended its remarketing efforts in accordance with the Remarketing Agreement.

**Amortization End Date** shall have the meaning set forth in the applicable Continuing Covenant Agreement.

**Amortization Interest Payment Date** shall have the meaning set forth in the applicable Continuing Covenant Agreement.

**Amortization Period** shall mean, in the event the 2025E Subordinated Bonds are not purchased or remarketed on any Bank Purchase Date and the other conditions set forth in



Section 108.02(b) are satisfied, the period commencing on the Bank Purchase Date and ending on the Amortization End Date.

**Amortization Principal Payment Date** shall have the meaning set forth in the applicable Continuing Covenant Agreement.

**Applicable Factor** shall mean, upon any Conversion to a Direct Purchase Index Rate Period, the percentage of the Direct Purchase Index designated in writing by the District as the Applicable Factor for such Direct Purchase Index Rate Period pursuant to Section 106.09(a); provided, however, that the Applicable Factor shall never be less than 65% unless a Favorable Opinion of Bond Counsel is delivered in connection with the Conversion to such Direct Purchase Index Rate Period.

**Applicable Spread** shall mean, with respect to any Direct Purchase Index Rate Period, the number of basis points determined by the Market Agent on or before the first day of such Direct Purchase Index Rate Period and designated by the District in accordance with Section 106.09(a) (which may include a schedule for the Applicable Spread based upon the ratings assigned to any indebtedness of the District) that, when added to the product of the Direct Purchase Index multiplied by the Applicable Factor, would equal the minimum interest rate per annum that would enable the 2025E Subordinated Bonds to be sold on such date at a price equal to the principal amount thereof (without regard to accrued interest, if any, thereon).

**Authorized Denominations** shall mean (i) with respect to 2025E Subordinated Bonds in a Daily Mode or Weekly Mode, \$100,000 and any integral multiple of \$5,000 in excess thereof; (ii) with respect to 2025E Subordinated Bonds in a Flexible Mode, \$100,000 and any integral multiple of \$1,000 in excess thereof; (iii) with respect to 2025E Subordinated Bonds in a Direct Purchase Index Mode or Index Mode, \$100,000 and any integral multiple of \$5,000 in excess thereof; and (iv) with respect to 2025E Subordinated Bonds in a Term Rate Mode or a Fixed Rate Mode, \$5,000 and any integral multiple thereof.

**Available Amount** shall mean the amount available under a Credit Enhancement or Liquidity Facility, as applicable, to pay the principal of and interest on the 2025E Subordinated Bonds or the Purchase Price of the 2025E Subordinated Bonds, as applicable.

**Available Moneys** shall mean (a) if a Credit Enhancement is in effect, (i) moneys drawn under the Credit Enhancement which at all times since their receipt by the Trustee were held in a separate segregated account or accounts or subaccount or subaccounts in which no moneys (other than those drawn under the Credit Enhancement) were at any time held, (ii) moneys which have been paid to the Trustee and have been on deposit with the Trustee for at least 124 days (or, if paid to the Trustee by an “affiliate,” as defined in Bankruptcy Code §101(2), of the District, 366 days) during and prior to which no Event of Bankruptcy shall have occurred, (iii) any other moneys, if, in the opinion of nationally recognized counsel experienced in bankruptcy matters (which opinion shall be acceptable to each Rating Agency then rating the 2025E Subordinated Bonds), the application of such moneys will not constitute a voidable preference in the event of the occurrence of an Event of Bankruptcy, and (iv) investment earnings on any of the moneys described in clauses (i), (ii) and (iii) of this definition; and (b) if a



Credit Enhancement is not in effect, “Available Moneys” means any moneys deposited with the Trustee.

**Bank** shall mean, while the 2025E Subordinated Bonds are in a Direct Purchase Index Mode, the Holder of the 2025E Subordinated Bonds, provided that there is a single Holder of all of the 2025E Subordinated Bonds and provided further that the 2025E Subordinated Bonds are not then held under the book-entry system of a Securities Depository. If there is more than one Holder of the 2025E Subordinated Bonds while the 2025E Subordinated Bonds are in a Direct Purchase Index Mode, “Bank” means Holders owning a majority of the aggregate principal amount of the 2025E Subordinated Bonds then Outstanding. If the 2025E Subordinated Bonds are held under the book-entry system of a Securities Depository during any Direct Purchase Index Mode, “Bank” means the Beneficial Owner of the 2025E Subordinated Bonds, provided that there is a single Beneficial Owner of all of the 2025E Subordinated Bonds. If there is more than one Beneficial Owner of the 2025E Subordinated Bonds while the 2025E Subordinated Bonds are in a Direct Purchase Index Mode, “Bank” means Beneficial Owners who are the beneficial owners of a majority of the aggregate principal amount of the 2025E Subordinated Bonds then Outstanding.

**Bank Purchase Date** shall mean, during any Direct Purchase Index Rate Period, (i) the date designated by the District pursuant to Section 106.11(a) and (ii) the date which is five Business Days after the date on which the Trustee receives written notice from the Bank under a Continuing Covenant Agreement which (x) advises the Trustee of the occurrence and continuance of an “Event of Default” under and as defined in such Continuing Covenant Agreement and (y) directs the Trustee to cause a mandatory tender for purchase of the 2025E Subordinated Bonds by reason of such “Event of Default.”

**Bank Rate** shall have the meaning set forth in the applicable Continuing Covenant Agreement.

**Bankruptcy Code** means Title 11 of the United States Code, as amended, and any successor statute.

**Beneficial Owner** shall mean, so long as the 2025E Subordinated Bonds are held in the Book-Entry System, any Person who acquires a beneficial ownership interest in a 2025E Subordinated Bond held by the Securities Depository. If at any time the 2025E Subordinated Bonds are not held in the Book-Entry System, Beneficial Owner shall mean Holder for purposes of the Subordinate Master Resolution.

**Bond Counsel** shall mean any firm of nationally recognized municipal bond attorneys selected by the District and experienced in the issuance of municipal bonds and matters relating to the exclusion of the interest thereon from gross income for federal income tax purposes.

**Book-Entry System** shall mean the system maintained by the Securities Depository.

**Business Day** shall mean any day other than (i) a Saturday or Sunday or (ii) a day on which banks located in (a) the State of California or the State of New York, (b) the city or



cities in which the principal office of the Trustee, the Paying Agent, the Remarketing Agent, if any, the Bank, if any, or the Calculation Agent, if any, are located, or (c) the city or cities in which the office of the Credit Provider or Liquidity Provider at which it will pay draws or advances is located, are required or authorized to remain closed, (iii) a day on which The New York Stock Exchange or Federal Reserve Bank is closed or (iv) a day on which the principal offices of the Credit Provider or Liquidity Provider are closed.

**Calculation Agent** shall mean, (i) during any Direct Purchase Index Rate Period, the Bank or any other party appointed by the District with the consent of the Bank so long as the Bank owns a majority in aggregate principal amount of the 2025E Subordinated Bonds and (ii) during any Index Rate Period, the Trustee or any other party appointed by the District to act as calculation agent for the 2025E Subordinated Bonds.

**Call Protection Date** shall mean (i) with respect to the initial issuance of the 2025E Subordinated Bonds, if applicable, the date specified in the Sales Certificate as the Call Protection Date and (ii) with respect to any conversion to a Term Rate Period or Index Rate Period, the date specified by the District in writing as the Call Protection Date for such Term Rate Period or Index Rate Period on or before the first day of such Term Rate Period or Index Rate Period.

**Code** shall mean the Internal Revenue Code of 1986, as amended.

**Continuing Covenant Agreement** shall mean, during any Direct Purchase Index Rate Period, any agreement between the District and the Bank which may be designated as the Continuing Covenant Agreement.

**Conversion Date** shall mean, with respect to the 2025E Subordinated Bonds in a particular Interest Rate Mode, the day on which another Interest Rate Mode for the 2025E Subordinated Bonds begins, with respect to the 2025E Subordinated Bonds in a Term Rate Mode, the day on which a new Term Rate Period begins, with respect to 2025E Subordinated Bonds in a Direct Purchase Index Mode, the day on which a new Direct Purchase Index Rate Period begins, and with respect to 2025E Subordinated Bonds in an Index Mode, the day on which a new Index Rate Period begins.

**Conversion Notice** shall mean the notice from the District to the other Notice Parties pursuant to Section 106.11(a)(i).

**Credit Enhancement** shall mean, with respect to the 2025E Subordinated Bonds, a letter of credit, insurance policy, line of credit, surety bond, standby purchase agreement or other security instrument issued in accordance with the terms hereof and then in effect and providing for or supporting the payment of the principal of and interest on the 2025E Subordinated Bonds and, upon replacement of any such Credit Enhancement with an Alternate Credit Enhancement, the Alternate Credit Enhancement then in effect.

**Credit Provider** shall mean, with respect to the 2025E Subordinated Bonds, any bank, insurance company, pension fund or other financial institution which provides the Credit Enhancement, if any, then in effect for the 2025E Subordinated Bonds.



**Credit Provider Failure or Liquidity Provider Failure** shall mean a failure of a Credit Provider or Liquidity Provider, as applicable, to pay a properly presented and strictly conforming draw or request for advance under a Credit Enhancement or Liquidity Facility, as applicable, or the filing or commencement of any bankruptcy or insolvency proceedings by or against a Credit Provider or Liquidity Provider, as applicable, or a Credit Provider or Liquidity Provider, as applicable, shall declare a moratorium on the payment of its unsecured debt obligations or shall repudiate a Credit Enhancement or Liquidity Facility, as applicable.

**Current Mode** shall have the meaning specified in Section 106.11(a).

**Daily Mode** shall mean the Interest Rate Mode during which the 2025E Subordinated Bonds bear interest at the Daily Rate.

**Daily Rate** shall mean the per annum interest rate on any 2025E Subordinated Bond in the Daily Mode determined pursuant to Section 106.06(a).

**Daily Rate Period** shall mean the period during which a 2025E Subordinated Bond in the Daily Mode shall bear a Daily Rate, which shall be from the Business Day upon which a Daily Rate is set to but not including the next succeeding Business Day.

**Default Rate** shall have the meaning assigned to such term in the Continuing Covenant Agreement.

**Delayed Remarketing Period** shall have the meaning specified in Section 108.10(b) hereof.

**Determination of Taxability** shall have the meaning assigned to such term in the Continuing Covenant Agreement.

**Direct Purchase Index** shall mean (i) the SIFMA Index or (ii) any other index chosen by the District in consultation with the Market Agent.

**Direct Purchase Index Mode** shall mean the Interest Rate Mode during which the 2025E Subordinated Bonds bear interest at a Direct Purchase Index Rate.

**Direct Purchase Index Rate** shall mean the per annum interest rate on any 2025E Subordinated Bond in the Direct Purchase Index Mode determined in accordance with Section 106.09, being the Direct Purchase Index Rate, the Taxable Rate, the Default Rate or the Bank Rate, as applicable.

**Direct Purchase Index Rate Determination Date** shall mean (i) with respect to the SIFMA Index, Wednesday of each week, or if any Wednesday is not a Business Day, the next succeeding Business Day and (ii) with respect to any other Direct Purchase Index, the date or dates specified by the District in writing on or before the first day of any Direct Purchase Index Rate Period for which such Direct Purchase Index will be in effect.

**Direct Purchase Index Rate Effective Period** shall mean, during any Direct Purchase Index Rate Period, the period from and including the first day of such Direct Purchase



Index Rate Period to but excluding the next succeeding Direct Purchase Index Rate Reset Date and, thereafter, means each Direct Purchase Index Rate Reset Date to but excluding the next succeeding Direct Purchase Index Rate Reset Date.

**Direct Purchase Index Rate Period** shall mean the period from (and including) the date on which the 2025E Subordinated Bonds begin to bear interest in the Direct Purchase Index Mode to (but excluding) the earliest to occur of (i) the immediately succeeding Bank Purchase Date, (ii) the immediately succeeding Conversion Date, (iii) the date on which all of the 2025E Subordinated Bonds have been redeemed or defeased in full and (iv) the Maturity Date.

**Direct Purchase Index Rate Reset Date** shall mean (i) with respect to the SIFMA Index, Thursday of each week and (ii) with respect to any other Direct Purchase Index, the date or dates specified by the District in writing on or before the first day of any Direct Purchase Index Rate Period for which such Direct Purchase Index will be in effect.

**District Purchase Account** shall mean the account by that name in the Purchase Fund created in Section 108.09.

**Electronic Means** shall mean telecopy, facsimile transmission, e-mail transmission or other similar electronic means of communication providing evidence of transmission, including a telephonic communication confirmed by any other method set forth in this definition.

**Eligible Account** shall mean an account that is either (a) maintained with a federal or state-chartered depository institution or trust company that has a Standard & Poor's short-term debt rating of at least 'A-2' (or, if no short-term debt rating, a long-term debt rating of 'BBB+'); or (b) maintained with the corporate trust department of a federal depository institution or state-chartered depository institution subject to regulations regarding fiduciary funds on deposit similar to Title 12 of the U.S. Code of Federal Regulation Section 9.10(b), which, in either case, has corporate trust powers and is acting in its fiduciary capacity. In the event that a fund or account required to be an "Eligible Account" no longer complies with the requirements listed above, the Trustee shall promptly (and, in any case, within not more than 30 calendar days) move such fund or account to another financial institution such that the Eligible Account requirements stated above will again be satisfied.

**Event of Bankruptcy** shall mean any of the following events:

(i) the District (or any other Person obligated, as guarantor or otherwise, to make payments on the 2025E Subordinated Bonds, or an "affiliate" of the District as defined in Bankruptcy Code § 101(2)) shall (a) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee, liquidator or the like of the District (or such other Person) or of all or any substantial part of their respective property, (b) commence a voluntary case under the Bankruptcy Code, or (c) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts; or



(ii) a proceeding or case shall be commenced, without the application or consent of the District (or any other Person obligated, as guarantor or otherwise, to make payments on the 2025E Subordinated Bonds, or an “affiliate” of the District as defined in Bankruptcy Code § 101(2)) in any court of competent jurisdiction, seeking (a) the liquidation, reorganization, dissolution, winding-up, or composition or adjustment of debts, of the District (or any such other Person), (b) the appointment of a trustee, receiver, custodian, liquidator or the like of the District (or any such other Person) or of all or any substantial part of their respective property, or (c) similar relief in respect of the District (or any such other Person) under any law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts.

**Event of Taxability** shall have the meaning assigned to such term in the Continuing Covenant Agreement.

**Expiration Date** shall mean the stated expiration date of a Credit Enhancement or a Liquidity Facility, as it may be extended from time to time as provided in the Credit Enhancement or the Liquidity Facility, or any earlier date on which a Credit Enhancement or a Liquidity Facility shall terminate at the direction of the District.

**Favorable Opinion of Bond Counsel** shall mean, with respect to any action the occurrence of which requires such an opinion, an Opinion of Counsel, which shall be a Bond Counsel, to the effect that such action is permitted under the Subordinate Master Resolution and will not, in and of itself, cause interest on the 2025E Subordinated Bonds to be included in gross income for purposes of federal income taxation.

**Fitch** shall mean Fitch, Inc., and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency selected by the District after consultation with the Remarketing Agent.

**Fixed Rate** shall mean the per annum interest rate on any 2025E Subordinated Bond in the Fixed Rate Mode determined pursuant to Section 106.07(b).

**Fixed Rate Bond** shall mean a 2025E Subordinated Bond in the Fixed Rate Mode.

**Fixed Rate Mode** shall mean the Interest Rate Mode during which the 2025E Subordinated Bonds bear interest at the Fixed Rate.

**Fixed Rate Period** shall mean the period from the Conversion Date upon which the 2025E Subordinated Bonds were converted to the Fixed Rate Mode to but not including the Maturity Date for the 2025E Subordinated Bonds.

**Flexible Mode** shall mean the Interest Rate Mode during which the 2025E Subordinated Bonds bear interest at Flexible Rates.



**Flexible Rate** shall mean the per annum interest rate on a Flexible Rate Bond determined for such Flexible Rate Bond pursuant to Section 106.05. The Flexible Rate Bonds may bear interest at different Flexible Rates.

**Flexible Rate Bond** shall mean a 2025E Subordinated Bond in the Flexible Mode.

**Flexible Rate Period** shall mean the period of from one to 270 calendar days (which period must end on either a day which immediately precedes a Business Day or the day immediately preceding the Maturity Date) during which a Flexible Rate Bond shall bear interest at a Flexible Rate, as established by the Remarketing Agent pursuant to Section 106.05. The Flexible Rate Bonds may be in different Flexible Rate Periods.

**Index** shall mean (i) the SIFMA Index or (ii) any other index chosen by the District in consultation with the Remarketing Agent.

**Index Mode** shall mean the Interest Rate Mode during which the 2025E Subordinated Bonds bear interest at an Index Rate.

**Index Rate** shall mean the per annum interest rate on any 2025E Subordinated Bond in the Index Mode determined in accordance with Section 106.10.

**Index Rate Determination Date** shall mean (i) with respect to the SIFMA Index, Wednesday of each week, or if any Wednesday is not a Business Day, the next succeeding Business Day and (ii) with respect to any other Index, the date or dates specified by the District in writing on or before the first day of any Index Rate Period for which such Index will be in effect.

**Index Rate Effective Period** shall mean, during any Index Rate Period, the period from and including the first day of such Index Rate Period through and including the day immediately preceding the next succeeding Index Rate Reset Date and, thereafter, means each Index Rate Reset Date through and including the day immediately preceding the next succeeding Index Rate Reset Date.

**Index Rate Period** shall mean the period from (and including) the date on which the 2025E Subordinated Bonds begin to bear interest in the Index Mode to (but excluding) the earliest to occur of (i) the Business Day immediately succeeding the last day thereof, (ii) the immediately succeeding Conversion Date, (iii) the date on which all of the 2025E Subordinated Bonds have been redeemed or defeased in full and (iv) the final Maturity Date.

**Index Rate Reset Date** shall mean (i) with respect to the SIFMA Index, Thursday of each week and (ii) with respect to any other Index, the date or dates specified by the District in writing on or before the first day of any Index Rate Period for which such Index will be in effect.

**Index Percentage** shall mean, upon any conversion to an Index Rate Period, the percentage of the Index determined by the Remarketing Agent in accordance with Section 106.10; provided, however, that the Index Percentage shall never be less than 65% unless a



Favorable Opinion of Bond Counsel is delivered on or before the determination of the Index Percentage by the Remarketing Agent.

**Index Spread** shall mean, upon any conversion to an Index Rate Period, the fixed per annum rate determined by the Remarketing Agent in accordance with Section 106.10.

**Interest Accrual Period** shall mean the period during which a 2025E Subordinated Bond accrues interest payable on the next Interest Payment Date applicable thereto. Each Interest Accrual Period for 2025E Subordinated Bonds shall be the period commencing on (and including) the last Interest Payment Date to which interest has been paid (or, if no interest has been paid in such Interest Rate Mode, commencing on (and including) the date of original authentication and delivery of the 2025E Subordinated Bonds, or the Conversion Date, as the case may be) to (and excluding) the Interest Payment Date on which interest is to be paid. If, at the time of authentication of any 2025E Subordinated Bond, interest is in default or overdue on the 2025E Subordinated Bonds, such 2025E Subordinated Bond shall bear interest from the date to which interest has previously been paid in full or made available for payment in full on Outstanding 2025E Subordinated Bonds.

**Interest Payment Date** shall mean each date on which interest is to be paid and is: (i) with respect to Flexible Rate Bonds, each Mandatory Purchase Date applicable thereto; (ii) with respect to 2025E Subordinated Bonds in the Daily Mode, Weekly Mode, Direct Purchase Index Mode or Index Mode, the first Business Day of each month; (iii) with respect to 2025E Subordinated Bonds in a Term Rate Mode or Fixed Rate Mode, each February 15 and August 15 (or such other semi-annual interest payment dates specified in the Sales Certificate in connection with the initial issuance of the 2025E Subordinated Bonds, and beginning with the first such day specified (a) in the Sales Certificate in connection with the initial issuance of the 2025E Subordinated Bonds or (b) in writing by the District in connection with the Conversion Date to such Term Rate Mode or Fixed Rate Mode, as applicable); (iv) (without duplication as to any Interest Payment Date listed above) any Mandatory Purchase Date; (v) (without duplication as to any Interest Payment Date listed above) each Maturity Date; and (vi) with respect to any Liquidity Provider Bonds, as provided in the applicable Reimbursement Agreement or Liquidity Facility.

**Interest Period** shall mean, for 2025E Subordinated Bonds in a particular Interest Rate Mode, the period of time that such 2025E Subordinated Bonds bear interest at the rate (per annum) which becomes effective at the beginning of such period, and shall include a Flexible Rate Period, a Daily Rate Period, a Weekly Rate Period, a Direct Purchase Index Rate Effective Period, an Index Rate Effective Period, a Term Rate Period and a Fixed Rate Period.

**Interest Rate Mode** shall mean, as the context may require, the Flexible Mode, the Daily Mode, the Weekly Mode, the Direct Purchase Index Mode, the Index Mode, the Term Rate Mode or the Fixed Rate Mode.

**Liquidity Facility** shall mean, with respect to the 2025E Subordinated Bonds, a letter of credit, line of credit, standby bond purchase agreement or other liquidity instrument issued in accordance with the terms hereof and then in effect and providing for the payment of



the Purchase Price of Tendered Bonds and upon replacement of such Liquidity Facility with an Alternate Liquidity Facility, the Alternate Liquidity Facility then in effect.

**Liquidity Facility Purchase Account** shall mean the account by that name in the Purchase Fund created by Section 108.09.

**Liquidity Provider** shall mean, with respect to the 2025E Subordinated Bonds, any bank, insurance company, pension fund or other financial institution which provides the Liquidity Facility, if any, then in effect for the 2025E Subordinated Bonds.

**Liquidity Provider Bonds** shall mean any 2025E Subordinated Bonds purchased by the Liquidity Provider with funds drawn on or advanced under the Liquidity Facility or Credit Enhancement, as applicable.

**Long-Term Mode** shall mean a Term Rate Mode or a Fixed Rate Mode.

**Mandatory Purchase Date** shall mean: (i) with respect to a Flexible Rate Bond, the first Business Day following the last day of each Flexible Rate Period with respect to such Flexible Rate Bond, (ii) with respect to 2025E Subordinated Bonds in the Term Rate Mode, the first Business Day following the last day of each Term Rate Period applicable to such 2025E Subordinated Bonds, (iii) with respect to any 2025E Subordinated Bonds, any Conversion Date applicable to such 2025E Subordinated Bond (except, unless otherwise specified in writing by the District in connection with a conversion of the Interest Rate Mode to the Daily Mode or the Weekly Mode, any Conversion Date in respect of a conversion from the Daily Mode to the Weekly Mode or from the Weekly Mode to the Daily Mode) or the date that otherwise would have been a Conversion Date had one of the conditions precedent to such Conversion Date specified in Section 106.11 not failed to occur (except, unless otherwise specified in writing by the District in connection with a conversion of the Interest Rate Mode to the Daily Mode or the Weekly Mode, any such date in respect of a proposed conversion from the Daily Mode to the Weekly Mode or from the Weekly Mode to the Daily Mode), (iv) with respect to any 2025E Subordinated Bonds, any Substitution Date with respect to a Credit Enhancement or Liquidity Facility, (v) with respect to any 2025E Subordinated Bonds, the fifth Business Day prior to the Expiration Date with respect to a Credit Enhancement or Liquidity Facility supporting such 2025E Subordinated Bonds, (vi) with respect to any 2025E Subordinated Bonds, the date specified by the Trustee following the occurrence of an event under the Reimbursement Agreement or Liquidity Facility, which requires or gives the Credit Provider or Liquidity Provider the option to cause a mandatory tender of the 2025E Subordinated Bonds or terminate the Credit Enhancement or Liquidity Facility upon notice, which date shall be a Business Day not more than five Business Days after the Trustee's receipt of written notice of such event from the Credit Provider or the Liquidity Provider and directing the Trustee to cause a mandatory tender of the 2025E Subordinated Bonds and in no event later than the Business Day preceding the termination date specified by the Credit Provider or the Liquidity Provider; (vii) with respect to any 2025E Subordinated Bonds, the date specified by the Trustee following receipt of written notice by the Trustee from the Credit Provider that the Credit Enhancement will not be reinstated following a drawing to pay interest on the 2025E Subordinated Bonds (other than interest on 2025E Subordinated Bonds no longer Outstanding after such drawing) and directing the Trustee to cause a mandatory tender of the 2025E Subordinated Bonds which date shall be a Business



Day not more than five days after the Trustee's receipt of such notice, (viii) with respect to 2025E Subordinated Bonds in the Daily Mode or Weekly Mode, any Business Day specified by the District with the consent of the Liquidity Provider, if any, not less than 20 days after the Trustee's receipt of such notice and in no event later than the day preceding the Expiration Date of the Liquidity Facility, if any, then in effect with respect to such 2025E Subordinated Bonds, (ix) with respect to 2025E Subordinated Bonds in the Index Mode, the first Business Day following the last day of each Index Rate Period applicable to such 2025E Subordinated Bonds, and (x) with respect to 2025E Subordinated Bonds in the Direct Purchase Index Mode, each Bank Purchase Date; provided that, in the event that the Bank (acting in its sole and absolute discretion) for the then existing Direct Purchase Index Rate Period agrees in writing to a new Direct Purchase Index Rate Period, the provisions of this clause (x) shall apply and be interpreted by substituting the Bank Purchase Date for the new Direct Purchase Index Rate Period for the then-current Bank Purchase Date.

**Market Agent** shall mean the Person appointed by the District to serve as market agent in connection with a conversion to any Direct Purchase Index Rate Period.

**Maturity Date** shall mean the maturity date or maturity dates of the 2025E Subordinated Bonds set forth in the Sales Certificate, or, if established pursuant to Section 106.11(b)(v) upon a change to the Fixed Rate Mode, the Serial Maturity Dates.

**Maximum Rate** shall mean (i) with respect to Liquidity Provider Bonds and 2025E Subordinated Bonds in the Direct Purchase Index Mode, a rate of interest per annum not exceeding the maximum non-usurious lawful rate of interest permitted by applicable laws and (ii) with respect to all other 2025E Subordinated Bonds, a rate of interest of twelve percent (12%) per annum unless a lesser rate of interest is specified as the Maximum Rate in the Sales Certificate for the initial Interest Rate Mode or in writing by the District prior to the first day of any subsequent Interest Rate Mode, Index Rate Period or Term Rate Period.

**Moody's** shall mean Moody's Investors Service and its successors and assigns, except that if such shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency selected by the District after consultation with the Remarketing Agent.

**New Mode** shall have the meaning specified in Section 106.11(a).

**Notice Parties** shall mean the Trustee, the Remarketing Agent, if any, the Paying Agent, the Credit Provider, if any, the Liquidity Provider, if any, the Bank, if any, the Market Agent, if any, and the Calculation Agent, if any.

**Opinion of Counsel** shall mean a written legal opinion from a firm of attorneys experienced in the matters to be covered in the opinion.

**Outstanding**, when used with reference to 2025E Subordinated Bonds, shall mean, as of any date, 2025E Subordinated Bonds theretofore or thereupon being authenticated and delivered under this Eighteenth Supplemental Resolution except:



(i) 2025E Subordinated Bonds cancelled by the Trustee, or delivered to the Trustee for cancellation, at or prior to such date;

(ii) 2025E Subordinated Bonds paid or deemed paid pursuant to Section 10.01 of the Subordinate Master Resolution; and

(iii) 2025E Subordinated Bonds in lieu of or in substitution for which other 2025E Subordinated Bonds shall have been authenticated and delivered pursuant to this Eighteenth Supplemental Resolution.

**Person** shall mean an individual, a corporation, a partnership, an association, a joint venture, a trust, an unincorporated organization or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

**Principal Payment Date** shall mean any date upon which the principal amount of 2025E Subordinated Bonds is due under the Subordinate Master Resolution, including any Maturity Date, any Serial Maturity Date, any Redemption Date, or the date the maturity of any 2025E Subordinated Bond is accelerated pursuant to the terms of the Subordinate Master Resolution.

**Purchase Date** shall mean (i) for a 2025E Subordinated Bond in the Daily Mode or the Weekly Mode, any Business Day selected by the Beneficial Owner of said 2025E Subordinated Bond pursuant to the provisions of Section 108.01, and (ii) any Mandatory Purchase Date.

**Purchase Fund** shall mean the fund by that name created in Section 108.09.

**Purchase Price** shall mean an amount equal to the principal amount of any 2025E Subordinated Bonds purchased on any Purchase Date, plus accrued interest to but excluding the Purchase Date; provided, however, that (i) if the Purchase Date for any 2025E Subordinated Bond to be purchased is an Interest Payment Date for such 2025E Subordinated Bond, the Purchase Price thereof shall be the principal amount thereof, and interest on such 2025E Subordinated Bond shall be paid to the Holder of such 2025E Subordinated Bond pursuant to the Subordinate Master Resolution and this Eighteenth Supplemental Resolution and (ii) in the case of a purchase on a Conversion Date or proposed Conversion Date which is preceded by a Term Rate Period or an Index Rate Period and which occurs prior to the day originally established as the last day of such preceding Term Rate Period or Index Rate Period, the Purchase Price of any 2025E Subordinated Bond to be purchased on such Conversion Date shall be the Redemption Price which would have been applicable to such 2025E Subordinated Bond if the preceding Term Rate Period or Index Rate Period had continued to the day originally established as its last day, plus accrued interest, if any.

**Rate Determination Date** shall mean any date on which the interest rate on 2025E Subordinated Bonds shall be determined, which, (i) in the case of the Flexible Mode, shall be the first day of an Interest Period; (ii) in the case of the Daily Mode, shall be each Business Day commencing with the first day (which must be a Business Day) the 2025E Subordinated Bonds become subject to the Daily Mode; (iii) in the case of the Weekly Mode, shall be (A) each Wednesday or, if Wednesday is not a Business Day, then the Business Day next succeeding such



Wednesday, and (B) not later than the Business Day preceding a Conversion Date, a Substitution Date or a Mandatory Purchase Date specified in clause (viii) of the definition of Mandatory Purchase Date; (iv) in the case of the Term Rate Mode, shall be a Business Day no later than the Business Day next preceding the first day of an Interest Period, as determined by the Remarketing Agent; (v) in the case of the Direct Purchase Index Mode, each Direct Purchase Index Rate Determination Date; (vi) in the case of the Index Mode, each Index Rate Determination Date, and (vii) in the case of the Fixed Rate Mode, shall be a date determined by the Remarketing Agent which shall be at least one Business Day prior to the Conversion Date.

**Rating Agencies** shall mean any of Moody's, S&P or Fitch, which is then providing a rating on the 2025E Subordinated Bonds at the request of the District.

**Record Date** shall mean (i) with respect to 2025E Subordinated Bonds in a Daily Mode, Weekly Mode, Flexible Mode, Direct Purchase Index Mode or Index Mode, the last Business Day before an Interest Payment Date, and (ii) with respect to 2025E Subordinated Bonds in a Term Rate Mode or Fixed Rate Mode, the fifteenth (15th) day (whether or not a Business Day) next preceding each Interest Payment Date.

**Redemption Date** shall mean the date fixed for redemption of 2025E Subordinated Bonds subject to redemption in any notice of redemption given in accordance with the terms of the Subordinate Master Resolution.

**Redemption Price** shall mean an amount equal to the principal of and premium, if any, and accrued interest, if any, on the 2025E Subordinated Bonds to be paid on the Redemption Date.

**Reimbursement Agreement** shall mean any reimbursement agreement, credit agreement, line of credit agreement, standby purchase agreement or other agreement by and between a Credit Provider or Liquidity Provider, as applicable, and the District.

**Remarketing Agent** shall mean any investment banking firm which may be appointed with respect to the 2025E Subordinated Bonds pursuant to Section 109.01.

**Remarketing Agreement** shall mean any agreement relating to the 2025E Subordinated Bonds by and between the District and a Remarketing Agent, as it may be amended or supplemented from time to time in accordance with its terms.

**Remarketing Proceeds Account** shall mean the account by that name in the Purchase Fund created in Section 108.09.

**Representations Letter** shall mean the Letter of Representations from the District to the Securities Depository in connection with the 2025E Subordinated Bonds in a book-entry system, as supplemented and amended from time to time.

**Sales Certificate** shall mean a written certificate of the District executed by the Chief Executive Officer and General Manager of the District, any Member of the Executive Committee of the District, the Treasurer of the District, the Secretary of the District or the Chief Financial Officer of the District or the designee of any of them prior to the issuance of the 2025E



Subordinated Bonds setting forth the principal amount, Maturity Date or Maturity Dates, initial Interest Rate Mode, initial interest rate or rates, and such other matters with respect to the 2025E Subordinated Bonds as such officer may deem appropriate, as provided in Section 106.02.

**S&P** shall mean S&P Global Ratings and its successors and assigns, except that if such shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “S&P” shall be deemed to refer to any other nationally recognized securities rating agency selected by the District after consultation with the Remarketing Agent, if any.

**S&P Municipal Bond 7 Day High Grade Rate Index** shall mean for a Rate Determination Date, the level of the “S&P Municipal Bond 7 Day High Grade Rate Index” (formerly known as the J.J. Kenny Index) maintained by Standard and Poor’s for a one-week maturity as published each day.

**Securities Depository** shall mean The Depository Trust Company, and such other securities depository as the District may designate in a certificate of the District delivered to the Trustee.

**Serial Bonds** shall mean the 2025E Subordinated Bonds maturing on the Serial Maturity Dates, as determined pursuant to Section 106.11(b).

**Serial Maturity Dates** shall mean the dates on which the Serial Bonds mature, as determined pursuant to Section 106.11(b).

**Serial Payments** shall mean the payments to be made in payment of the principal of the Serial Bonds on the Serial Maturity Dates.

**Short-Term Mode** shall mean the Daily Mode, the Weekly Mode or the Flexible Mode.

**SIFMA Index** shall mean, for any applicable Rate Determination Date, the level of the index which is issued weekly and which is compiled from the weekly interest rate resets of tax-exempt variable rate issues included in a database maintained by Municipal Market Data which meet specific criteria established from time to time by SIFMA and issued on Wednesday of each week, or if any Wednesday is not a Business Day, the next succeeding Business Day. If the SIFMA Index is no longer published, then “SIFMA Index” shall mean the S&P Municipal Bond 7 Day High Grade Rate Index. If the S&P Municipal Bond 7 Day High Grade Rate Index is no longer published, then “SIFMA Index” shall mean the prevailing rate determined by the Calculation Agent for tax-exempt state and local government bonds meeting criteria determined in good faith by the Calculation Agent to be comparable under the circumstances to the criteria used by SIFMA to determine the SIFMA Index immediately prior to the date on which SIFMA ceased publication of the SIFMA Index. Notwithstanding the foregoing, if the SIFMA Index as determined as provided above would be less than 0.0%, then the SIFMA Index will be deemed to be 0.0%.



**Substitution Date** shall mean the date upon which an Alternate Credit Enhancement or Alternate Liquidity Facility is scheduled to be substituted for a Credit Enhancement or Liquidity Facility then in effect.

**Taxable Date** shall mean the date on which interest on the 2025E Subordinated Bonds is first includable in gross income of the Holder (including, without limitation, any previous Holder) thereof as a result of an Event of Taxability as such a date is established pursuant to a Determination of Taxability.

**Taxable Rate** shall mean an interest rate per annum at all times equal to the product of the Direct Purchase Index Rate then in effect multiplied by the Taxable Rate Factor.

**Taxable Rate Factor** shall have the meaning set forth in the applicable Continuing Covenant Agreement.

**Tendered Bonds** shall mean 2025E Subordinated Bonds tendered for purchase by the Holders or Beneficial Owners thereof pursuant to Section 108.01 or subject to mandatory tender for purchase on a Mandatory Purchase Date pursuant to Section 108.02.

**Tender Notice** shall mean a notice delivered by Electronic Means or in writing with respect to a 2025E Subordinated Bond that states (i) the principal amount of such 2025E Subordinated Bond to be purchased pursuant to Section 108.01, (ii) the Purchase Date on which such 2025E Subordinated Bond is to be purchased, (iii) applicable payment instructions with respect to the 2025E Subordinated Bonds being tendered for purchase and (iv) an irrevocable demand for such purchase.

**Tender Notice Deadline** with respect to a 2025E Subordinated Bond shall mean (i) during a Daily Mode with respect to such 2025E Subordinated Bond, 11:00 a.m. on any Business Day and (ii) during a Weekly Mode with respect to such 2025E Subordinated Bond, 5:00 p.m. on a Business Day not less than seven days prior to the applicable Purchase Date.

**Term Rate** shall mean the per annum interest rate for 2025E Subordinated Bonds in the Term Rate Mode determined pursuant to Section 106.07(a).

**Term Rate Mode** shall mean the Interest Rate Mode during which the 2025E Subordinated Bonds bear interest at the Term Rate.

**Term Rate Period** shall mean the period from (and including) the date on which the 2025E Subordinated Bonds begin to bear interest in a Term Rate Mode to (but excluding) the commencement date of the next succeeding Interest Period, including another Term Rate Period.

**2025 Tax Certificate** shall mean the Tax Certificate executed and delivered by the District in connection with the issuance of the 2025E Subordinated Bonds, as amended or supplemented from time to time in accordance with its terms.

**Weekly Mode** shall mean the Interest Rate Mode during which the 2025E Subordinated Bonds bear interest at the Weekly Rate.



**Weekly Rate** shall mean the per annum interest rate on 2025E Subordinated Bonds in the Weekly Mode determined pursuant to Section 106.06(b).

**Weekly Rate Period** shall mean the period during which a 2025E Subordinated Bond in the Weekly Mode shall bear a Weekly Rate, which shall be the period commencing on Thursday of each week to and including Wednesday of the following week, except (i) the first Weekly Rate Period, which shall be from the Conversion Date on which the Interest Rate Mode for the 2025E Subordinated Bonds is changed to a Weekly Mode to and including the Wednesday of the following week, and (ii) the last Weekly Rate Period which shall end on the day preceding the earliest to occur of the Conversion Date on which the Interest Rate Mode for the 2025E Subordinated Bonds is changed from the Weekly Mode to a different Interest Rate Mode, the Maturity Date or the Mandatory Purchase Date for such 2025E Subordinated Bond.

## **ARTICLE CVI**

### **THE 2025E SUBORDINATED BONDS**

#### **Section 106.01. Authorization and Purpose of 2025E Subordinated Bonds.**

The Board hereby authorizes the issuance of a series of revenue bonds of the District in accordance with the Subordinate Master Resolution, designated as “Subordinated Electric Revenue Bonds, 2025 Series E” (the “2025E Subordinated Bonds”) for the purpose of (i) financing and refinancing improvements and additions to the District’s Electric System, including through the payment of all or a portion of the District’s outstanding commercial paper notes (to the extent set forth in the Sales Certificate), (ii) refunding the Refunded Bonds (to the extent set forth in the Sales Certificate), and (iii) paying costs of issuance (to the extent set forth in the Sales Certificate).

#### **Section 106.02. Terms, Registration, Denominations, Medium, Method and Place of Payment and Dating of 2025E Subordinated Bonds.**

(a) The 2025E Subordinated Bonds shall be issued in the aggregate principal amount which, together with the aggregate principal amount, if any, of the District’s Electric Revenue Bonds sold and issued pursuant to the District’s Sixty-Eighth Supplemental Resolution adopted on the date hereof and Subordinated Electric Revenue Bonds, 2025 Series F, shall not exceed \$350,000,000, shall bear interest at such initial rate or rates for such initial Interest Period, shall bear interest in such initial Interest Rate Mode, shall mature and become payable as to principal on such Maturity Date or Maturity Dates (not to exceed forty (40) years from the date of issuance of the 2025E Subordinated Bonds) in the amount and be subject to such mandatory sinking fund account payments on such mandatory sinking fund account payment dates, if any, all as set forth in the Sales Certificate. In addition to the provisions required pursuant to the terms of this Eighteenth Supplemental Resolution to be specified in the Sales Certificate, the Sales Certificate may contain such provisions, in a form approved by the District’s Bond Counsel and the District’s counsel, as the officer executing the Sales Certificate may deem necessary or desirable and consistent with the purpose of this Eighteenth Supplemental Resolution, including provisions (i) adding additional covenants and agreements to be observed by the District, (ii) curing, correcting, amending or supplementing any ambiguous, defective or ineffective provision contained in the Subordinate Master Resolution or this



Eighteenth Supplemental Resolution, or (iii) amending or supplementing any provision contained herein to the extent necessary to obtain Credit Enhancement or a Liquidity Facility, to obtain a rating on the 2025E Subordinated Bonds, or to provide for the issuance of the 2025E Subordinated Bonds if, in the judgment of such officer such rating or provision is reasonable. The Chief Executive Officer and General Manager of the District, any Member of the Executive Committee of the District, the Treasurer of the District, the Secretary of the District or the Chief Financial Officer of the District, or the designee of any of them, is hereby authorized and instructed to execute and deliver the Sales Certificate and, upon execution and delivery thereof, the Sales Certificate shall be incorporated herein and in the Subordinate Master Resolution by reference. The execution and delivery of the Sales Certificate by any such officer shall be conclusive evidence that, where any approval, determination of necessity, desirability or consistency with the purpose of this Eighteenth Supplemental Resolution, or judgment or determination of reasonableness is required to be given or made, such approval, judgment or determination has been given or made.

(b) The 2025E Subordinated Bonds shall be issued in the form of fully registered 2025E Subordinated Bonds in Authorized Denominations and no provision of the Subordinate Master Resolution relating to coupon bonds or coupons shall apply to the 2025E Subordinated Bonds. 2025E Subordinated Bonds (other than 2025E Subordinated Bonds in the Direct Purchase Index Mode) shall be issued in the form of one single certificated bond in the aggregate principal amount of the 2025E Subordinated Bonds and shall be registered as set forth in Section 110.04 of this Eighteenth Supplemental Resolution. 2025E Subordinated Bonds in the Direct Purchase Index Mode shall be issued in the form of one single certificated bond in the aggregate principal amount of the 2025E Subordinated Bonds and shall be registered in the name of the Holder thereof or as otherwise directed by such Holder. Registered ownership of the 2025E Subordinated Bonds, or any portion thereof, may not thereafter be transferred except as set forth in the Continuing Covenant Agreement (during any time that the 2025E Subordinated Bonds are in the Direct Purchase Index Mode), Section 2.05 of the Subordinate Master Resolution and Section 110.04 of this Eighteenth Supplemental Resolution. Each 2025E Subordinated Bond in the Direct Purchase Index Mode shall contain a legend indicating that the transferability of such 2025E Subordinated Bond is subject to the restrictions set forth in this Eighteenth Supplemental Resolution.

(c) The 2025E Subordinated Bonds shall be dated as of the date of their initial issuance and shall be numbered in such manner as is determined by the Trustee.

(d) The principal of and premium, if any, and interest on the 2025E Subordinated Bonds shall be payable in lawful money of the United States of America.

(e) Subject to Section 110.04 of this Eighteenth Supplemental Resolution, interest on the 2025E Subordinated Bonds shall be paid on each Interest Payment Date by the Paying Agent during a Daily Mode, Weekly Mode, Term Rate Mode, Index Mode or Fixed Rate Mode by check mailed on the date on which due to the Holders of the 2025E Subordinated Bonds at the close of business on the Record Date for the 2025E Subordinated Bonds in respect of such Interest Payment Date at the registered addresses of the Holders of the 2025E Subordinated Bonds as shall appear on the registration books of the Trustee. In the case of (i) 2025E Subordinated Bonds in a Direct Purchase Index Mode or Flexible Mode or (ii) any Holder



of 2025E Subordinated Bonds in any Interest Rate Mode other than a Direct Purchase Index Mode or Flexible Mode in an aggregate principal amount in excess of \$1,000,000 as shown on the registration books of the Trustee who, prior to the Record Date for the 2025E Subordinated Bonds next preceding any Interest Payment Date, shall have provided the Paying Agent with written wire transfer instructions, interest payable on such 2025E Subordinated Bonds shall be paid on each Interest Payment Date in accordance with the wire transfer instructions provided by the Holder of such 2025E Subordinated Bond; provided, however, that during any Flexible Rate Period, except for 2025E Subordinated Bonds registered in the name of the Securities Depository (or its nominee), interest on any such 2025E Subordinated Bond shall be payable only upon surrender of such 2025E Subordinated Bond at the office of the Paying Agent.

(f) Subject to Section 110.04 of this Eighteenth Supplemental Resolution, the principal of and premium, if any, on each 2025E Subordinated Bond shall be payable on the Principal Payment Date of such 2025E Subordinated Bond upon surrender thereof at the office of the Paying Agent; provided that the Paying Agent may agree with the Holder of any 2025E Subordinated Bond (and hereby does so agree with the Bank during any Direct Purchase Index Rate Period) that such Holder may, in lieu of surrendering the same for a new 2025E Subordinated Bond, endorse on such 2025E Subordinated Bond a record of partial payment of the principal of such 2025E Subordinated Bond in the form set forth below (which shall be typed or printed on such 2025E Subordinated Bond):

#### PAYMENTS ON ACCOUNT OF PRINCIPAL

Payment Date	Principal Amount Paid	Balance of Principal Amount Unpaid	Signature of Holder
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The Paying Agent shall maintain a record of each such partial payment made in accordance with the foregoing agreement and such record of the Paying Agent shall be conclusive. Such partial payment shall be valid upon payment of the amount thereof to the Holder of such 2025E Subordinated Bond, and the District, the Trustee and the Paying Agent shall be fully released and discharged from all liability to the extent of such payment regardless of whether such endorsement shall or shall not have been made upon such 2025E Subordinated Bond by the Holder thereof and regardless of any error or omission in such endorsement.

(g) Except as may be specifically set forth herein, the Paying Agent, the Trustee, the Remarketing Agent, if any, and the District may treat the Holder of a 2025E Subordinated Bond as the absolute owner thereof for all purposes, whether or not such 2025E Subordinated Bond shall be overdue, and the Paying Agent, the Trustee, the Remarketing Agent, if any, and the District shall not be affected by any knowledge or notice to the contrary. Payment of the principal of and premium, if any, and interest on each 2025E Subordinated Bond shall be made only to such Holder, which payments shall be valid and effectual to satisfy and discharge the liability of such 2025E Subordinated Bond to the extent of the sum or sums so paid. All



2025E Subordinated Bonds paid at maturity or on earlier redemption pursuant to the provisions of this Section shall be cancelled by the Paying Agent.

(h) Each 2025E Subordinated Bond shall bear interest at the applicable rate or rates during each applicable Interest Accrual Period until the entire Principal Amount thereof has been paid.

(i) The Sales Certificate shall designate the series, amounts and maturity or sinking fund payment dates of the Refunded Bonds, if any.

**Section 106.03. Payment of Principal and Interest of 2025E Subordinated Bonds; Acceptance of Terms and Conditions.**

(a) The interest on each 2025E Subordinated Bond shall become due and payable on the Interest Payment Dates with respect to such 2025E Subordinated Bond to and including the Maturity Date of such 2025E Subordinated Bond, and on each Redemption Date and on the date of any acceleration prior thereto. The principal of each 2025E Subordinated Bond shall become due and payable on the Principal Payment Date of such 2025E Subordinated Bond.

(b) By the acceptance of its 2025E Subordinated Bond, the Holder thereof shall be deemed to have agreed to all the terms and provisions of such 2025E Subordinated Bond as specified in such 2025E Subordinated Bond and the Subordinate Master Resolution, including without limitation the applicable Interest Periods, interest rates (including any applicable Alternate Rate), Purchase Dates, Mandatory Purchase Dates, Purchase Prices, mandatory and optional purchase and redemption provisions applicable to such 2025E Subordinated Bond, method and timing of purchase, redemption and payment. Such Holder further agrees that if, on any date upon which its 2025E Subordinated Bond is to be purchased, redeemed or paid at maturity or earlier due date, funds are on deposit with the Paying Agent or the Trustee to pay the full amount due on such 2025E Subordinated Bond, then such Holder shall have no rights under the Subordinate Master Resolution other than to receive such full amount due with respect to such 2025E Subordinated Bond and that interest on such 2025E Subordinated Bond shall cease to accrue as of such date.

(c) Notwithstanding anything herein to the contrary, while any 2025E Subordinated Bonds are Liquidity Provider Bonds, such Liquidity Provider Bonds shall bear interest and be payable at the times, in the manner and in the amounts required under the Liquidity Facility supporting such 2025E Subordinated Bonds or the Reimbursement Agreement related thereto.

**Section 106.04. Calculation and Payment of Interest; Change in Interest Rate Mode; Maximum Rate.**

(a) When a Direct Purchase Index Mode or Index Mode is in effect and the Direct Purchase Index or the Index, as applicable, is the SIFMA Index, interest shall be calculated on the basis of a 365/366-day year for the actual number of days elapsed. When a Direct Purchase Index Mode or Index Mode is in effect and the Direct Purchase Index or the Index, as applicable, is an index other than the SIFMA Index, interest shall be calculated on the



basis specified in writing by the District on or before the first day of the applicable Direct Purchase Index Rate Period or Index Rate Period. When a Short-Term Mode is in effect, interest shall be calculated on the basis of a 365/366-day year for the actual number of days elapsed. When a Term Rate Mode or a Fixed Rate Mode is in effect, interest shall be calculated on the basis of a 360-day year comprised of twelve 30-day months. Payment of unpaid interest accrued on each 2025E Subordinated Bond during each Interest Accrual Period shall be made on the applicable Interest Payment Date for such 2025E Subordinated Bond to the Holder of record of such 2025E Subordinated Bond on the applicable Record Date.

(b) The 2025E Subordinated Bonds in any Interest Rate Mode other than a Fixed Rate Mode may be changed to any other Interest Rate Mode at the times and in the manner hereinafter provided. Subsequent to such change in Interest Rate Mode (other than a change to a Fixed Rate Mode), the 2025E Subordinated Bonds may again be changed to a different Interest Rate Mode at the times and in the manner hereinafter provided. A Fixed Rate Mode shall be in effect until the Maturity Date, or acceleration thereof prior to the Maturity Date, and the 2025E Subordinated Bonds in a Fixed Rate Mode may not be changed to any other Interest Rate Mode.

(c) Subject to Section 106.09(b)(iii), no 2025E Subordinated Bonds shall bear interest at an interest rate higher than the Maximum Rate with respect thereto.

(d) In the absence of manifest error, the determination of interest rates (including any determination of rates in connection with a New Mode) and Interest Periods by the Remarketing Agent or the Calculation Agent, as applicable, as provided herein, and the record of interest rates maintained by the Paying Agent shall be conclusive and binding upon the Remarketing Agent, the Paying Agent, the Trustee, the District, the Holders and the Beneficial Owners.

**Section 106.05. Determination of Flexible Rates and Interest Periods During Flexible Mode.** An Interest Period for the Flexible Rate Bonds shall be of such duration of from one to 270 calendar days, ending on either a day which immediately precedes a Business Day or the day immediately preceding the Maturity Date, as the Remarketing Agent shall determine in accordance with the provisions of this Section. A Flexible Rate Bond may have an Interest Period, and bear interest at a Flexible Rate, different than another Flexible Rate Bond. In making the determinations with respect to Interest Periods, subject to limitations imposed by the second preceding sentence and in Section 106.04 hereof, on each Rate Determination Date for a Flexible Rate Bond, the Remarketing Agent shall select for such 2025E Subordinated Bond the Interest Period which would result in the Remarketing Agent being able to remarket such 2025E Subordinated Bond at par in the secondary market at the lowest average interest cost for all 2025E Subordinated Bonds; provided, however, that if the Remarketing Agent has received notice from the District that such 2025E Subordinated Bonds are to be changed from the Flexible Mode to any other Interest Rate Mode, the Remarketing Agent shall select Interest Periods which do not extend beyond the proposed Conversion Date.

Except while the 2025E Subordinated Bonds are registered in a Book-Entry System, in order to receive payment of the Purchase Price the Holder of any Flexible Rate Bond must present such Flexible Rate Bond to the Trustee, by 12:00 noon on the Rate Determination



Date, in which case the Trustee shall pay the Purchase Price to such Holder by 3:00 p.m. on the same day.

By 1:00 p.m. on each Rate Determination Date, the Remarketing Agent, with respect to each Flexible Rate Bond which is subject to adjustment on such date, shall determine the Flexible Rate(s) for the Interest Periods then selected for such Flexible Rate Bond and shall give notice by Electronic Means to the Paying Agent and the District of the Interest Period, the Purchase Date(s) and the Flexible Rate(s). The Remarketing Agent shall make the Flexible Rate and Interest Period available after 2:00 p.m. on each Rate Determination Date by telephone or Electronic Means to the Trustee or any other Paying Agent without request, and to any Beneficial Owner or Notice Party requesting such information.

**Section 106.06. Determination of Interest Rates During the Daily Mode and the Weekly Mode.** The interest rate for 2025E Subordinated Bonds in the Daily Mode or Weekly Mode shall be the rate of interest per annum determined by the Remarketing Agent on and as of the applicable Rate Determination Date as the minimum rate of interest which, in the opinion of the Remarketing Agent under then-existing market conditions, would result in the sale of such 2025E Subordinated Bonds in the Daily Rate Period or Weekly Rate Period, as applicable, at a price equal to the principal amount thereof, plus interest, if any, accrued through the Rate Determination Date during the then current Interest Accrual Period. In making any such determination the Remarketing Agent shall not take into account the per annum rate of interest that would be applicable to Liquidity Provider Bonds pursuant to the terms of the applicable Liquidity Facility or related Reimbursement Agreement.

(a) During the Daily Mode, the Remarketing Agent shall establish the Daily Rate by 10:00 a.m. on each Rate Determination Date. The Daily Rate for any day during the Daily Mode which is not a Business Day shall be the Daily Rate established on the immediately preceding Rate Determination Date. The Remarketing Agent shall make the Daily Rate available no less frequently than once per week by Electronic Means to each Notice Party requesting such rate.

(b) During the Weekly Mode, the Remarketing Agent shall establish the Weekly Rate by 4:00 p.m. on each Rate Determination Date. The Weekly Rate shall be in effect during the applicable Weekly Rate Period. The Remarketing Agent shall make the Weekly Rate available after 5:00 p.m. on the Business Day following the Rate Determination Date by Electronic Means to each Notice Party requesting such rate.

**Section 106.07. Determination of Term Rates and Fixed Rates.**

(a) Term Rates. The Term Rate shall be determined by the Remarketing Agent not later than 4:00 p.m. on the Rate Determination Date. Except as set forth in Section 106.11(a)(ii), the Term Rate shall be the minimum rate which, in the sole judgment of the Remarketing Agent, would result in a sale of such 2025E Subordinated Bonds at a price equal to the principal amount thereof on the Rate Determination Date for the Interest Period selected, and the Call Protection Date specified, by the District in writing delivered to the Remarketing Agent before such Rate Determination Date. No Interest Period in the Term Rate Mode may extend beyond the Maturity Date. The Remarketing Agent shall make the Term Rate available by



telephone or Electronic Means after 5:00 p.m. on the Rate Determination Date to any Notice Party requesting such Term Rate. Upon request of any Notice Party, the Paying Agent shall give notice of such rate by Electronic Means.

(b) **Fixed Rates.** The Remarketing Agent shall determine the Fixed Rate for 2025E Subordinated Bonds being converted to the Fixed Rate Mode in the manner and at the times as follows: not later than 4:00 p.m. on the applicable Rate Determination Date, the Remarketing Agent shall determine the Fixed Rate (or Fixed Rates, if such 2025E Subordinated Bonds will have Serial Maturity Dates in accordance with Section 106.11(b)(v)). Except as set forth in Section 106.11(b)(v), the Fixed Rate shall be the minimum interest rate which, in the sole judgment of the Remarketing Agent, will result in a sale of such 2025E Subordinated Bonds at a price equal to the principal amount thereof on the Rate Determination Date. The Remarketing Agent shall make the Fixed Rate available by telephone or by Electronic Means after 5:00 p.m. on the Rate Determination Date to any Notice Party requesting such Fixed Rate. Upon request of any Notice Party, the Paying Agent shall give notice of such Fixed Rate by Electronic Means. Subject to Section 106.11(b)(v), the Fixed Rate so established shall remain in effect until the Maturity Date of such 2025E Subordinated Bonds.

**Section 106.08. Alternate Rates.** The following provisions shall apply in the event (i) the Remarketing Agent fails or is unable to determine the interest rate or Interest Period for 2025E Subordinated Bonds (other than 2025E Subordinated Bonds in the Direct Purchase Index Mode, the Index Mode or the Term Rate Mode), (ii) the method by which the Remarketing Agent determines the interest rate or Interest Period with respect to 2025E Subordinated Bonds in any Interest Rate Mode other than the Direct Purchase Index Mode, the Index Mode or the Term Rate Mode shall be held to be unenforceable by a court of law of competent jurisdiction or (iii) other than with respect to 2025E Subordinated Bonds in the Direct Purchase Index Mode, the Index Mode or the Term Rate Mode, if the Remarketing Agent suspends its remarketing effort in accordance with the Remarketing Agreement. These provisions shall continue to apply until such time as the Remarketing Agent again makes such determinations. In the case of clause (ii) above, the Remarketing Agent shall again make such determination at such time as there is delivered to the Remarketing Agent and the District an opinion of Bond Counsel to the effect that there are no longer any legal prohibitions against such determinations. The following shall be the methods by which the interest rates and, in the case of the Flexible Rate Mode, the Interest Periods, shall be determined for 2025E Subordinated Bonds as to which any of the events described in clauses (i), (ii) or (iii) shall be applicable. Such methods shall be applicable from and after the date any of the events described in clauses (i), (ii) or (iii) first become applicable to such 2025E Subordinated Bonds until such time as the events described in clauses (i), (ii) or (iii) are no longer applicable to such 2025E Subordinated Bonds.

(a) For Flexible Rate Bonds, the next Interest Period shall be from, and including, the first day following the last day of the current Interest Period for such Flexible Rate Bonds to, but excluding, the next succeeding Business Day and thereafter shall commence on each Business Day and extend to, but exclude, the next succeeding Business Day. For each such Interest Period, the interest rate for such 2025E Subordinated Bonds shall be the applicable Alternate Rate in effect on the Business Day that begins an Interest Period.



(b) For 2025E Subordinated Bonds in the Daily Mode or the Weekly Mode, such 2025E Subordinated Bonds shall bear interest during each subsequent Interest Period at the Alternate Rate in effect on the first day of such Interest Period.

**Section 106.09. Determination of Direct Purchase Index Rates.**

(a) During each Direct Purchase Index Rate Period, the 2025E Subordinated Bonds shall, subject to subsection (b) of this Section 106.09, bear interest at the Direct Purchase Index Rate. The Calculation Agent shall determine the Direct Purchase Index Rate on each Direct Purchase Index Rate Determination Date occurring during any Direct Purchase Index Rate Period. The Direct Purchase Index Rate shall be the sum of (i) the product of the Direct Purchase Index multiplied by the Applicable Factor, plus (ii) the Applicable Spread. Each Direct Purchase Index Rate shall be effective, and interest shall accrue on the 2025E Subordinated Bonds at such Direct Purchase Index Rate each day during the applicable Direct Purchase Index Rate Effective Period. On or before any Conversion Date upon which a Direct Purchase Index Rate Period will begin, the District shall designate the Direct Purchase Index to be in effect during such Direct Purchase Index Rate Period. The Applicable Factor and Applicable Spread for a Direct Purchase Index Rate Period shall be determined by the Market Agent such that the applicable Direct Purchase Index Rate shall be the interest rate per annum (based upon tax exempt obligations comparable, in the judgment of the Market Agent, to the 2025E Subordinated Bonds and known to the Market Agent to have been priced or traded under the prevailing market conditions) to be the minimum interest rate at which a Person will agree to purchase the 2025E Subordinated Bonds on the Conversion Date at a price (without regard to accrued interest) equal to the principal amount thereof. Unless otherwise specified in the Continuing Covenant Agreement applicable to a Direct Purchase Index Rate Period, the Direct Purchase Index Rate shall be rounded to the nearest fifth decimal place. Promptly following the determination of the Direct Purchase Index Rate, the Calculation Agent shall give notice thereof to the District, the Trustee and the Paying Agent. If the Direct Purchase Index Rate is not determined by the Calculation Agent on the Direct Purchase Index Rate Determination Date, the rate of interest born on such 2025E Subordinated Bonds bearing interest at a Direct Purchase Index Rate shall be the rate in effect on the immediately preceding Direct Purchase Index Rate Reset Date until the Calculation Agent next determines the Direct Purchase Index Rate as required hereunder.

(b) Adjustments to Direct Purchase Index Rates.

(i) Taxable Rate. Notwithstanding anything in the Subordinate Master Resolution or this Eighteenth Supplemental Resolution to the contrary, including, without limitation, Section 108.02(b), but subject to Section 106.04(c) and Section 106.09(b)(ii) and (iii), from and after any Taxable Date, the interest rate on 2025E Subordinated Bonds in a Direct Purchase Index Mode shall be established at a rate at all times equal to the Taxable Rate.

(ii) Default Rate. Notwithstanding anything in the Subordinate Master Resolution or this Eighteenth Supplemental Resolution to the contrary, including, without limitation, Section 108.02(b), but subject to Section 106.04(c) and Section 106.09(b)(iii), from and after the effective date of any “Event of Default” under and as defined in the Continuing Covenant Agreement or the Subordinate Master Resolution and during the



continuance thereof, the interest rate for 2025E Subordinated Bonds in a Direct Purchase Index Mode shall be established at a rate at all times equal to the greater of (A) the Default Rate and (B) the interest rate that otherwise would be applicable to the 2025E Subordinated Bonds but for the provisions of this paragraph, payable on demand to the Bank. Interest shall accrue and be paid on both defaulted interest and defaulted principal.

(iii) Excess Interest. Notwithstanding anything in the Subordinate Master Resolution or this Eighteenth Supplemental Resolution to the contrary, if during a Direct Purchase Index Mode the rate of interest on the 2025E Subordinated Bonds exceeds the Maximum Rate for such 2025E Subordinated Bonds, then (A) such 2025E Subordinated Bonds shall bear interest at the Maximum Rate and (B) interest on such 2025E Subordinated Bonds calculated at the rate equal to the difference between (1) the rate of interest for such 2025E Subordinated Bonds as calculated pursuant to this Section 106.09 and (2) the Maximum Rate (the "Excess Interest") shall be deferred until such date as the rate of interest borne by such 2025E Subordinated Bonds as calculated pursuant to this Section 106.09 is below the Maximum Rate, at which time Excess Interest shall be payable with respect to such 2025E Subordinated Bonds. Payments of deferred Excess Interest shall no longer be due and payable upon the earlier to occur of the date on which such 2025E Subordinated Bonds are redeemed or tendered for purchase in accordance with this Eighteenth Supplemental Resolution and the redemption price or purchase price, as applicable, is paid in full or the principal of and interest on such 2025E Subordinated Bonds is otherwise paid in full.

(iv) Amortization Period. Notwithstanding anything herein to the contrary, but subject to Section 106.04(c) and Section 106.09(b)(i), (ii) and (iii) during any Amortization Period, the 2025E Subordinated Bonds shall bear interest at the Bank Rate.

**Section 106.10. Determination of Index Rates.** During each Index Rate Period, the 2025E Subordinated Bonds shall bear interest at the Index Rate. The Calculation Agent shall determine the Index Rate for each maturity of the 2025E Subordinated Bonds on each Index Rate Determination Date occurring during any Index Rate Period. The Index Rate for each maturity of the 2025E Subordinated Bonds shall be the sum of (i) the product of the Index multiplied by the Index Percentage, plus (ii) the Index Spread for such maturity of the 2025E Subordinated Bonds. Each Index Rate shall be effective, and interest shall accrue on the 2025E Subordinated Bonds at such Index Rate each day during the applicable Index Rate Effective Period. If the 2025E Subordinated Bonds are initially issued in the Index Mode, the District shall specify the Index, Index Percentage, Index Spreads and Call Protection Date for the Index Rate Period commencing on the date of issuance of the 2025E Subordinated Bonds and the length of the Index Rate Period commencing on the date of issuance of the 2025E Subordinated Bonds in the Sales Certificate. On or before any Conversion Date upon which an Index Rate Period will begin, the District shall specify the length of such Index Rate Period and designate the Index and Call Protection Date to be in effect during such Index Rate Period and the Remarketing Agent shall determine the Index Percentage and Index Spread that would result in a sale of the 2025E Subordinated Bonds at a price (without regard to accrued interest) equal to principal amount thereof on the Conversion Date for such Index Rate Period. Each Index, Index Percentage and Index Spread shall be in effect through the last day of the applicable Index Rate Period and shall



be applied by the Calculation Agent in determining the Index Rate on each Index Rate Determination Date during such Index Rate Period. All percentages resulting from the calculation of the Index Rate shall be rounded, if necessary, to the nearest ten-thousandth of a percentage point with five hundred thousandths of a percentage point rounded upward. All dollar amounts used in or resulting from the calculation of the Index Rate shall be rounded to the nearest cent with one-half cent being rounded upward. The Calculation Agent shall make each Index Rate available by telephone or Electronic Means after 5:00 p.m. on the applicable Index Rate Determination Date to any Notice Party requesting such Index Rate. Upon request of any Notice Party, the Paying Agent shall give notice of such rate by Electronic Means. If the Index Rate is not determined by the Calculation Agent on the applicable Index Rate Determination Date, the rate of interest born on such 2025E Subordinated Bonds bearing interest at an Index Rate shall be the rate in effect on the immediately preceding Index Rate Reset Date until the Calculation Agent next determines the Index Rate as required hereunder.

**Section 106.11. Changes in Interest Rate Mode, Term Rate Period, Index Rate Period and Direct Purchase Index Rate Period.** Subject to the provisions of this Section, the District may effect a change in Interest Rate Mode, Term Rate Period, Index Rate Period or Direct Purchase Index Rate Period with respect to the 2025E Subordinated Bonds by following the procedures set forth in this Section.

(a) Changes to Interest Rate Modes Other Than Fixed Rate Mode; Changes in Term Rate Period, Index Rate Period and Direct Purchase Index Rate Period. The Interest Rate Mode for the 2025E Subordinated Bonds (other than the 2025E Subordinated Bonds in the Fixed Rate Mode) may be changed from one Interest Rate Mode to another Interest Rate Mode (other than the Fixed Rate Mode) and the Term Rate Period, Index Rate Period and Direct Purchase Index Rate Period for the 2025E Subordinated Bonds may be changed, as follows:

(i) Notice to Notice Parties; Notice to Holders. No later than a Business Day which is at least two Business Days prior to the date on which the Trustee is required to notify the Holders of the 2025E Subordinated Bonds preceding the proposed Conversion Date, the District shall give written notice to the Notice Parties of its intention to effect a change in the Interest Rate Mode, Term Rate Period, Index Rate Period or Direct Purchase Index Rate Period from the Interest Rate Mode, Term Rate Period, Index Rate Period or Direct Purchase Index Rate Period then prevailing (for purposes of this Section, the “Current Mode”) to another Interest Rate Mode, Term Rate Period, Index Rate Period or Direct Purchase Index Rate Period (for purposes of this Section, the “New Mode”) specified in such written notice. Notice of the proposed change in Interest Rate Mode, Term Rate Period, Index Rate Period or Direct Purchase Index Rate Period shall be given by the Trustee by mail to the Holders of the 2025E Subordinated Bonds not less than the 10th day next preceding the proposed Conversion Date, provided that no notice need be given for a Conversion Date occurring on the Business Day following the last day of a Flexible Rate Period, an Index Rate Period or a Term Rate Period or on a Substitution Date. Such notice shall state: (1) the proposed Conversion Date; (2) as set forth in the definition of Mandatory Purchase Date, that the 2025E Subordinated Bonds will be subject to mandatory tender for purchase on the proposed Conversion Date (regardless of whether all of the conditions to the change in the Interest Rate Mode, Term Rate Period, Index Rate Period or Direct Purchase Index



Rate Period are satisfied) or that the 2025E Subordinated Bonds will not be subject to mandatory tender for purchase on the proposed Conversion Date; and (3) if applicable, the Purchase Price of the 2025E Subordinated Bonds and the place of delivery for purchase of the 2025E Subordinated Bonds; provided that, if the proposed change is from one Direct Purchase Index Rate Period to a new Direct Purchase Index Rate Period and any Holder of the 2025E Subordinated Bonds shall continue to be a Holder of 2025E Subordinated Bonds in the new Direct Purchase Index Rate Period, the Holder may elect to retain its 2025E Subordinated Bonds by filing with the District and the Trustee not less than five days prior to the proposed Conversion Date a written notice identifying such 2025E Subordinated Bonds and the principal amount it wishes to retain.

(ii) Determination of Interest Rates. The New Mode shall commence on the Conversion Date and the interest rate(s) (together, in the case of a change to the Flexible Mode, with the Interest Period(s)) shall be determined in the manner provided in Sections 106.05, 106.06, 106.07, 106.09 and 106.10, as applicable; provided, however, that, in the case of a change to the Term Rate Mode, or from one Term Rate Period to a new Term Rate Period, if the District shall deliver to the Trustee a Favorable Opinion of Bond Counsel, the District may elect to sell some or all of the 2025E Subordinated Bonds at a premium or a discount to par.

(iii) Conditions Precedent.

(1) The Conversion Date shall be:

(A) in the case of a change from the Flexible Mode, the Business Day next succeeding the date on which all Flexible Rate Periods determined for the 2025E Subordinated Bonds end;

(B) in the case of a change from the Daily Mode or the Weekly Mode, any Business Day;

(C) in the case of a change from the Term Rate Mode to another Interest Rate Mode, or from one Term Rate Period to a new Term Rate Period, any day on which the applicable 2025E Subordinated Bonds would be subject to optional redemption if the conversion did not occur or the day immediately following the last day of the current Term Rate Period;

(D) in the case of a change from the Index Mode to another Interest Rate Mode, or from one Index Rate Period to a new Index Rate Period, any day on which the applicable 2025E Subordinated Bonds would be subject to optional redemption if the conversion did not occur or the day immediately following the last day of the current Index Rate Period; and

(E) in the case of a change from the Direct Purchase Index Mode or from one Direct Purchase Index Rate Period to another Direct Purchase Index Rate Period, any Business Day, subject to any



limitations, conditions or requirements set forth in the Continuing Covenant Agreement.

(2) If the 2025E Subordinated Bonds to be converted are Flexible Rate Bonds, no Interest Period with respect to such 2025E Subordinated Bonds set after delivery by the District to the Remarketing Agent of the notice of the intention to effect a change in Interest Rate Mode shall extend beyond the proposed Conversion Date.

(3) The following items shall have been delivered to the District and the Trustee, on or prior to the Conversion Date:

(A) a Favorable Opinion of Bond Counsel dated the Conversion Date; and

(B) if there is to be a Liquidity Facility or an Alternate Liquidity Facility or Credit Enhancement or an Alternate Credit Enhancement delivered in connection with such change, the items required by Section 108.08(d).

(4) If no Liquidity Facility is in effect to provide funds for the purchase of 2025E Subordinated Bonds on the Conversion Date, the remarketing proceeds available on the Conversion Date and the amounts required to be paid by the District pursuant to Section 108.04 shall not be less than the amount required to purchase all of the 2025E Subordinated Bonds on the Conversion Date at the Purchase Price.

(b) Change to Fixed Rate Mode. At the option of the District, the Interest Rate Mode for the 2025E Subordinated Bonds may be changed to the Fixed Rate Mode as provided in this Section 106.11(b). On any Business Day which is at least two Business Days prior to the date on which the Trustee is required to notify the Holders of the 2025E Subordinated Bonds before the proposed Conversion Date pursuant to clause (ii) of this subsection (b), the District shall give written notice to the Notice Parties stating that the Interest Rate Mode will be changed to the Fixed Rate Mode and setting forth the proposed Conversion Date. In addition, such notice shall state whether some or all of the 2025E Subordinated Bonds to be converted shall be converted to Serial Bonds and, if so, the applicable Serial Maturity Dates and Serial Payments, all as determined pursuant to clause (v) of this subsection (b). Any such change in Interest Rate Mode shall be made as follows:

(i) Conversion Date. The Conversion Date shall be:

(1) in the case of a change from the Flexible Mode, the Business Day next succeeding the date on which all Flexible Rate Periods determined for the 2025E Subordinated Bonds end;

(2) in the case of a change from the Daily Mode or the Weekly Mode, any Business Day;



(3) in the case of a change from the Term Rate Mode, any day on which the applicable 2025E Subordinated Bonds would be subject to optional redemption if the conversion did not occur or the day immediately following the last day of the current Term Rate Period;

(4) in the case of a change from the Index Mode, any day on which the applicable 2025E Subordinated Bonds would be subject to optional redemption if the conversion did not occur or the day immediately following the last day of the current Index Rate Period; and

(5) in the case of a change from the Direct Purchase Index Mode, any Business Day, subject to any limitations, conditions or requirements set forth in the Continuing Covenant Agreement.

(ii) Notice to Holders. Not less than the 10th day next preceding the Conversion Date, the Trustee shall mail, in the name of the District, a notice of such proposed change to the Holders of the 2025E Subordinated Bonds stating that the Interest Rate Mode will be changed to the Fixed Rate Mode, the proposed Conversion Date and that such Holder is required to tender such Holder's 2025E Subordinated Bonds for purchase on such proposed Conversion Date.

(iii) General Provisions Applying to Change to Fixed Rate Mode. The change to the Fixed Rate Mode shall not occur unless the following items shall have been delivered to the District and the Trustee and the following conditions shall have been satisfied, in each case on or prior to the Conversion Date:

(1) a Favorable Opinion of Bond Counsel dated the Conversion Date;

(2) if there is to be Credit Enhancement or Alternate Credit Enhancement delivered in connection with such change, the items required by Section 108.08(d) in connection with the delivery of Credit Enhancement or Alternate Credit Enhancement; and

(3) if no Liquidity Facility is in effect to provide funds for the purchase of 2025E Subordinated Bonds on the Conversion Date, the remarketing proceeds available on the Conversion Date and the amounts required to be paid by the District pursuant to Section 108.04 shall not be less than the amount required to purchase all of the 2025E Subordinated Bonds on the Conversion Date at the Purchase Price.

(iv) Determination of Interest Rate. The Fixed Rate (or Fixed Rates in the case of Serial Bonds) for the 2025E Subordinated Bonds to be converted to the Fixed Rate Mode shall be established by the Remarketing Agent on the Rate Determination Date applicable thereto pursuant to the provisions of Section 106.07(b). Such Fixed Rate or Fixed Rates shall remain in effect until the Maturity Date or Serial Maturity Dates, as applicable, of such 2025E Subordinated Bonds. Such determination shall be conclusive and binding upon the District, the Trustee, the Credit Provider, if any, and the Holders of the 2025E Subordinated Bonds to which such rate will be applicable. Not later than 5:00 p.m. on the date of determination of the Fixed Rate, the Remarketing Agent shall notify the District, the Trustee and the Credit Provider, if any, of such rate by telephone.



(v) Serialization and Sinking Fund Account Redemption; Price. Upon conversion of the 2025E Subordinated Bonds to the Fixed Rate Mode, the 2025E Subordinated Bonds shall be remarketed at par, shall mature on the same Maturity Date and be subject to the same mandatory sinking fund account redemption, if any, and optional redemption provisions as set forth in this Eighteenth Supplemental Resolution prior to the Conversion; provided, however, that if the District shall deliver to the Trustee a Favorable Opinion of Bond Counsel, the District may elect to (1) have some of the 2025E Subordinated Bonds be Serial Bonds and some subject to mandatory sinking fund account redemption even if such 2025E Subordinated Bonds were not Serial Bonds or subject to mandatory sinking fund account redemption prior to such change, (2) change the optional redemption dates and/or premiums set forth in Section 107.03(b), and/or (3) sell some or all of the 2025E Subordinated Bonds at a premium or a discount to par.

(c) Failure to Satisfy Conditions Precedent to an Interest Rate Mode Change. In the event the conditions described above in subsections (a) or (b), as applicable, of this Section have not been satisfied by the applicable Conversion Date, then the New Mode shall not take effect (although any mandatory tender shall be made on such date if notice has been sent to the Holders stating that such 2025E Subordinated Bonds would be subject to mandatory purchase on such date). If the failed change in Interest Rate Mode was from the Flexible Mode, such 2025E Subordinated Bonds shall remain in the Flexible Mode with interest rates and Interest Periods to be established by the Remarketing Agent on the failed Conversion Date in accordance with Section 106.05. If the failed change in Interest Rate Mode was from the Daily Mode, such 2025E Subordinated Bonds shall remain in the Daily Mode, and if the failed change in Interest Rate Mode was from the Weekly Mode, such 2025E Subordinated Bonds shall remain in the Weekly Mode, in each case with interest rates established in accordance with the applicable provisions of Section 106.06 on and as of the failed Conversion Date. If the failed change in Interest Rate Mode was from the Term Rate Mode, then such 2025E Subordinated Bonds shall remain in the Term Rate Mode with interest rates established in accordance with the applicable provisions of Section 106.07. If the failed change in Interest Rate Mode was from the Direct Purchase Index Mode, then the 2025E Subordinated Bonds shall remain in the Direct Purchase Index Mode, with interest rates established in accordance with the applicable provisions of Section 106.09. If the failed change in Interest Rate Mode was from the Index Mode, then the 2025E Subordinated Bonds shall remain in the Index Mode, with interest rates established in accordance with the applicable provisions of Section 106.10.

(d) Rescission of Election. Notwithstanding anything herein to the contrary, the District may rescind any election by it to change an Interest Rate Mode, Term Rate Period, Index Rate Period or Direct Purchase Index Rate Period as described above prior to the Conversion Date by giving written notice thereof to the Notice Parties prior to 10:00 a.m. on the Business Day preceding such Conversion Date. If the Trustee receives notice of such rescission prior to the time the Trustee has given notice to the Holders of the 2025E Subordinated Bonds, then such notice of change in Interest Rate Mode, Term Rate Period, Index Rate Period or Direct Purchase Index Rate Period shall be of no force and effect. If the Trustee receives notice from the District of rescission of a change in Interest Rate Mode, Term Rate Period, Index Rate Period or Direct Purchase Index Rate Period after the Trustee has given notice thereof to the Holders of the 2025E Subordinated Bonds, then, if the proposed Conversion Date would have been a Mandatory Purchase Date, such date shall continue to be a Mandatory Purchase Date and the



Interest Rate Mode for the 2025E Subordinated Bonds shall be determined as set forth in the remainder of this paragraph. If the proposed change in Interest Rate Mode was from the Flexible Mode, such 2025E Subordinated Bonds shall remain in the Flexible Mode with interest rates and Interest Periods to be established by the Remarketing Agent on the proposed Conversion Date in accordance with Section 106.05. If the proposed change in Interest Rate Mode was from the Daily Mode, such 2025E Subordinated Bonds shall remain in the Daily Mode, and if the proposed change in Interest Rate Mode was from the Weekly Mode, such 2025E Subordinated Bonds shall remain in the Weekly Mode, in each case with interest rates established in accordance with the applicable provisions of Section 106.06 on and as of the proposed Conversion Date. If the proposed change in Interest Rate Mode was from the Term Rate Mode, then such 2025E Subordinated Bonds shall remain in the Term Rate Mode with interest rates established in accordance with the applicable provisions of Section 106.07. If the proposed change in Interest Rate Mode was from the Direct Purchase Index Mode, then the 2025E Subordinated Bonds shall remain in the Direct Purchase Index Mode, with interest rates established in accordance with the applicable provisions of Section 106.09. If the proposed change in Interest Rate Mode was from the Index Mode, then the 2025E Subordinated Bonds shall remain in the Index Mode, with interest rates established in accordance with the applicable provisions of Section 106.10.

## **ARTICLE CVII**

### **REDEMPTION OF 2025E SUBORDINATED BONDS**

**Section 107.01. Optional Redemption of Flexible Rate Bonds.** 2025E Subordinated Bonds in the Flexible Mode are not subject to optional redemption prior to their respective Purchase Dates. 2025E Subordinated Bonds in the Flexible Mode shall be subject to redemption at the option of the District in whole or in part on their respective Purchase Dates at a Redemption Price equal to the principal amount thereof.

**Section 107.02. Optional Redemption of 2025E Subordinated Bonds in the Daily Mode and the Weekly Mode.** 2025E Subordinated Bonds in the Daily Mode or the Weekly Mode are subject to optional redemption by the District, in whole or in part (provided that no 2025E Subordinated Bonds shall remain Outstanding in other than Authorized Denominations) on any Business Day, at a Redemption Price equal to the principal amount thereof, plus accrued interest, if any, to the Redemption Date.

**Section 107.03. Optional Redemption of 2025E Subordinated Bonds in the Term Rate Mode, Index Mode or Fixed Rate Mode.**

(a) 2025E Subordinated Bonds in the Term Rate Mode or the Index Mode shall be subject to redemption, in whole or in part (provided that no 2025E Subordinated Bonds shall remain Outstanding in other than Authorized Denominations), on any date on or after the Call Protection Date for each Term Rate Period or Index Rate Period applicable to the 2025E Subordinated Bonds in the Term Rate Mode or Index Mode, at the option of the District at a Redemption Price equal to the principal amount, or portions thereof, of the 2025E Subordinated Bonds to be redeemed, without premium, plus accrued interest, if any, to the Redemption Date.



(b) 2025E Subordinated Bonds in the Term Rate Mode or Fixed Rate Mode with a Term Rate Period or Fixed Rate Period of greater than or equal to ten years are subject to redemption in whole or in part on any date on or after the tenth anniversary of the commencement of the Term Rate Period or Fixed Rate Period (and if in part, in such order of maturity as the District shall specify and within a maturity by lot in any manner which the Trustee deems fair) at a Redemption Price equal to the principal amount, or portions thereof, of the 2025E Subordinated Bonds to be redeemed, without premium, plus accrued interest, if any, to the Redemption Date.

(c) The District, in connection with a change to a Long-Term Mode, may waive or otherwise alter its rights to direct the redemption of any such 2025E Subordinated Bonds so changed to a Long-Term Mode; provided that notice describing the waiver or alteration shall be submitted to the Trustee, together with a Favorable Opinion of Bond Counsel, addressed to it.

(d) Unless a Credit Provider Failure has occurred and is continuing, if a Credit Enhancement is then in effect and the Redemption Price includes any premium, the right of the District to direct an optional redemption of 2025E Subordinated Bonds in a Long-Term Mode is subject to the condition that the Trustee has received, prior to the date on which notice of redemption is required to be given to Owners, either Available Moneys or written confirmation from the Credit Provider that it can draw under the Credit Enhancement on the proposed redemption date in an aggregate amount sufficient to cover the principal of and premium and interest due on the Redemption Date.

**Section 107.04. Optional and Mandatory Redemption of 2025E Subordinated Bonds in the Direct Purchase Index Mode.**

(a) Subject to any limitations, conditions or requirements set forth in the applicable Continuing Covenant Agreement, 2025E Subordinated Bonds in the Direct Purchase Index Mode are subject to optional redemption by the District, in whole or in part (provided that no 2025E Subordinated Bonds shall remain Outstanding in other than Authorized Denominations) on any date, at a Redemption Price equal to the principal amount thereof, plus accrued interest, if any, to the Redemption Date.

(b) 2025E Subordinated Bonds in the Direct Purchase Index Mode are subject to mandatory redemption on the dates, in the amounts and in the manner set forth in the applicable Continuing Covenant Agreement, at a Redemption Price equal to the principal amount thereof, plus accrued interest, if any, to the Redemption Date.

**Section 107.05. Mandatory Sinking Fund Account Redemption of 2025E Subordinated Bonds and Redemption of Liquidity Provider Bonds.**

(a) The 2025E Subordinated Bonds shall be subject to redemption prior to maturity from mandatory sinking fund account payments for the 2025E Subordinated Bonds on the dates, if any, specified in the Sales Certificate, at a Redemption Price equal to the principal amount of the 2025E Subordinated Bonds, or portions thereof, to be redeemed, plus accrued interest, if any, to the Redemption Date, without premium. The mandatory sinking fund account



payments for the 2025E Subordinated Bonds shall be in the amounts and payable on the dates set forth in the Sales Certificate.

(b) Notwithstanding anything herein to the contrary, Liquidity Provider Bonds are subject to redemption on the dates, in the amounts and otherwise in accordance with the terms of the applicable Liquidity Facility or related Reimbursement Agreement.

**Section 107.06. Funds for Redemption of 2025E Subordinated Bonds.**

Unless a Credit Provider Failure has occurred and is continuing, if Credit Enhancement is in effect with respect to the 2025E Subordinated Bonds, the Redemption Price of 2025E Subordinated Bonds (other than Liquidity Provider Bonds) shall be paid solely from (1) moneys obtained from a drawing on the Credit Enhancement supporting the 2025E Subordinated Bonds pursuant to Section 108.08(a) or (2) Available Moneys.

**Section 107.07. Selection of 2025E Subordinated Bonds for Redemption.**

Whenever provision is made for the redemption of less than all of the 2025E Subordinated Bonds of any one maturity, the Trustee shall select the 2025E Subordinated Bonds to be redeemed, from the Outstanding 2025E Subordinated Bonds of such maturity not previously called for redemption, by lot in any manner which the Trustee deems fair; provided, however, that Liquidity Provider Bonds shall be redeemed prior to the redemption of other 2025E Subordinated Bonds; provided further, however, that during a Direct Purchase Index Rate Period, the 2025E Subordinated Bonds shall be redeemed pro rata. The Trustee shall promptly notify the District in writing of the numbers of the 2025E Subordinated Bonds so selected for redemption.

**Section 107.08. Notice of Redemption.** Notice of redemption shall be mailed by first-class mail by the Trustee, not less than twenty (20) days (ten (10) days in the case of 2025E Subordinated Bonds in the Daily Mode, Weekly Mode, Direct Purchase Index Mode or Flexible Mode) nor more than sixty (60) days prior to the redemption date, to the Holder of any 2025E Subordinated Bond called for redemption, but neither failure to receive such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the 2025E Subordinated Bonds; provided that no notice of redemption shall be required for mandatory redemptions of the 2025E Subordinated Bonds in the Direct Purchase Index Mode. Each notice of redemption shall state the redemption date, the place of redemption and the principal amount of the 2025E Subordinated Bonds to be redeemed, and shall also state that the interest on the 2025E Subordinated Bonds in such notice designated for redemption shall cease to accrue from and after such redemption date and that on said date there will become due and payable on each of said 2025E Subordinated Bonds the principal amount thereof to be redeemed, interest accrued thereon to the redemption date and the premium, if any, thereon (such premium to be specified). Each notice of optional redemption shall also state that redemption is conditioned upon receipt by the Trustee of sufficient funds on the redemption date to pay the Redemption Price of the 2025E Subordinated Bonds to be redeemed.

Notice of optional redemption shall be given by the Trustee for and on behalf of the District, at the written request of the District (which request shall be given to the Trustee (unless waived by the Trustee) at least twenty-five (25) days prior to the date fixed for redemption or such shorter period as is acceptable to the Trustee). Any notice of optional



redemption may be rescinded by written notice given to the Trustee by the District no later than two Business Days prior to the date specified for redemption.

Notwithstanding the foregoing, notice of redemption shall not be required for 2025E Subordinated Bonds redeemed on a Mandatory Purchase Date.

**Section 107.09. Partial Redemption of 2025E Subordinated Bond.** Upon surrender of any 2025E Subordinated Bond redeemed in part only, the District shall execute and the Trustee shall deliver to the registered owner thereof, at the expense of the District, a new 2025E Subordinated Bond or Bonds, of the same maturity, of Authorized Denominations in aggregate principal amount equal to the unredeemed portion of the 2025E Subordinated Bond surrendered.

**Section 107.10. Effect of Redemption.** Notice of redemption having been duly given as aforesaid, and moneys for payment of the Redemption Price being held by the Trustee, the 2025E Subordinated Bonds so to be redeemed shall, on the date designated in such notice, become due and payable at the Redemption Price specified in such notice; and from and after the date so designated interest on the 2025E Subordinated Bonds so designated for redemption shall cease to accrue and the Holders and Beneficial Owners of said 2025E Subordinated Bonds shall have no rights in respect thereof, except to receive payment of the Redemption Price thereof.

**Section 107.11. Disposition of Redeemed 2025E Subordinated Bonds.** All 2025E Subordinated Bonds redeemed pursuant to the provisions of this Article XCV shall be delivered to and cancelled by the Trustee and shall thereafter be delivered by the Trustee to, or upon the order of, the District, and no 2025E Subordinated Bonds shall be issued in place thereof.

## **ARTICLE CVIII**

### **PURCHASE OF 2025E SUBORDINATED BONDS**

**Section 108.01. Optional Tenders of 2025E Subordinated Bonds in the Daily Mode or the Weekly Mode.** Subject to Section 108.06, the Beneficial Owners of 2025E Subordinated Bonds in a Daily Mode or a Weekly Mode may elect to have their 2025E Subordinated Bonds (or portions of those 2025E Subordinated Bonds, provided that no 2025E Subordinated Bonds remain Outstanding in other than Authorized Denominations) purchased on any Business Day at a price equal to the Purchase Price, upon delivery of a Tender Notice to the Trustee by the Tender Notice Deadline. Immediately upon receipt of a Tender Notice, the Trustee shall notify the Remarketing Agent and provide the Remarketing Agent with a copy of such Tender Notice.

**Section 108.02. Mandatory Purchase on Mandatory Purchase Date; Amortization Period During Direct Purchase Index Mode.**

(a) The 2025E Subordinated Bonds shall be subject to mandatory purchase on each Mandatory Purchase Date. The Trustee shall give notice of such mandatory purchase by mail to the Holders of the 2025E Subordinated Bonds subject to mandatory purchase no less than ten (10) days prior to the Mandatory Purchase Date described in clauses (iii), (iv), (v), (viii) and



(x) of the definition of Mandatory Purchase Date and no less than 3 days prior to the Mandatory Purchase Date described in clauses (vi) and (vii) of the definition of Mandatory Purchase Date (provided that in the instance of a Mandatory Purchase Date resulting from clause (iii) of the definition of Bank Purchase Date, no such notice shall be required). No notice shall be given of the Mandatory Purchase Date at the end of each Interest Period for Flexible Rate Bonds. Any notice shall state the Mandatory Purchase Date, the Purchase Price, and that interest on 2025E Subordinated Bonds subject to mandatory purchase shall cease to accrue from and after the Mandatory Purchase Date. The failure to mail such notice with respect to any 2025E Subordinated Bond shall not affect the validity of the mandatory purchase of any other 2025E Subordinated Bond with respect to which notice was so mailed. Any notice mailed will be conclusively presumed to have been given, whether or not actually received by any Holder or Beneficial Owner. The Trustee shall also give a copy of such notice to the Rating Agencies.

(b) Notwithstanding subparagraph (a) above and anything to the contrary in this Eighteenth Supplemental Resolution, in the event the 2025E Subordinated Bonds in the Direct Purchase Index Mode are not purchased or remarketed on a Bank Purchase Date and the conditions precedent to any Amortization Period set forth in the Continuing Covenant Agreement, if any, are satisfied (and if no such conditions precedent are set forth in the Continuing Covenant Agreement, then on the condition that no Event of Default under and as defined in the Continuing Covenant Agreement or the Subordinate Master Resolution has occurred and is continuing), then the 2025E Subordinated Bonds shall be subject to special mandatory redemption on the following terms: (i) the 2025E Subordinated Bonds shall bear interest at the Bank Rate, unless an Event of Default under and as defined in the Continuing Covenant Agreement or the Subordinate Master Resolution has occurred and is continuing, in which case the 2025E Subordinated Bonds shall bear interest at the Default Rate, (ii) interest on the 2025E Subordinated Bonds shall be payable on each Amortization Interest Payment Date, and (iii) the principal of the 2025E Subordinated Bonds shall be payable on each Amortization Principal Payment Date as provided in the Continuing Covenant Agreement. Notwithstanding anything herein to the contrary, during the Amortization Period, the 2025E Subordinated Bonds may be subject to optional redemption or purchase at the sole option of the District at any time with notice as and to the extent provided in the Continuing Covenant Agreement.

### **Section 108.03. Remarketing of 2025E Subordinated Bonds; Notices.**

(a) Remarketing of 2025E Subordinated Bonds. The Remarketing Agent shall use its best efforts pursuant to the terms and conditions of the Remarketing Agreement to offer for sale:

(i) all 2025E Subordinated Bonds or portions thereof as to which a Tender Notice has been delivered pursuant to Section 108.01; and

(ii) all 2025E Subordinated Bonds required to be purchased on a Mandatory Purchase Date described in clauses (i), (ii), (iii), (iv), (viii) or (ix) of the definition thereof; and

(iii) any Liquidity Provider Bonds (A) purchased on a Purchase Date described in clause (i) or (ii) above, (B) with respect to which the Liquidity Provider has



provided notice to the Trustee and the Remarketing Agent that it has reinstated the Available Amount, (C) with respect to which an Alternate Liquidity Facility and Alternate Credit Enhancement is in effect (if such funds were secured by a Credit Enhancement prior to becoming Liquidity Provider Bonds, which Credit Enhancement is no longer in effect), and/or (D) which are being marketed as Fixed Rate Bonds.

The Remarketing Agent shall not remarket 2025E Subordinated Bonds to the District or any affiliate thereof. In connection with the remarketing of any 2025E Subordinated Bonds with respect to which notice of redemption or notice of mandatory purchase has been given, the Remarketing Agent shall notify each person to which such 2025E Subordinated Bonds are remarketed of such notice of redemption or notice of mandatory purchase.

Anything in this Eighteenth Supplemental Resolution to the contrary notwithstanding, if there shall have occurred and be continuing either a Credit Provider Failure or a Liquidity Provider Failure with respect to a Series of 2025E Subordinated Bonds, the Remarketing Agent shall not remarket such 2025E Subordinated Bonds. All other provisions of this Eighteenth Supplemental Resolution, including without limitation, those relating to the setting of interest rates and Interest Periods and mandatory and optional purchases, shall remain in full force and effect during the continuance of such Credit Provider Failure or Liquidity Provider Failure.

(b) Notice of Remarketing; Registration Instructions; New Bonds. On each date on which a 2025E Subordinated Bond is to be purchased pursuant to this Article XCVI:

(i) the Remarketing Agent shall notify the Trustee by Electronic Means by 11:30 a.m. if it has been unable to remarket any tendered 2025E Subordinated Bonds, and shall include in such notice the principal amount of 2025E Subordinated Bonds it has been unable to remarket;

(ii) the Remarketing Agent shall notify the Trustee by Electronic Means not later than 1:00 p.m. of the names of the purchasers of the successfully remarketed 2025E Subordinated Bonds and such information as may be necessary to register the 2025E Subordinated Bonds and the registration instructions with respect thereto;

(iii) the Remarketing Agent shall cause the proceeds of the remarketing by such Remarketing Agent of tendered 2025E Subordinated Bonds to be paid to the Trustee in immediately available funds not later than 12:00 noon on the Purchase Date for such 2025E Subordinated Bonds; and

(iv) if the 2025E Subordinated Bonds are not in the Book-Entry System, the Trustee shall authenticate new 2025E Subordinated Bonds for the respective purchasers thereof which shall be available for pick-up by the Remarketing Agent not later than 2:30 p.m.

(c) Draw on Liquidity Facility or Request for Funds. On each date on which a 2025E Subordinated Bond is to be purchased pursuant to this Article XCVI, if (i) the Remarketing Agent shall have given notice to the Trustee pursuant to clause (b)(i) above that it



has been unable to remarket any of the 2025E Subordinated Bonds or (ii) the Trustee has not received from the Remarketing Agent an amount sufficient to pay the Purchase Price of tendered Bonds, by 12:00 noon on the Purchase Date, then the Trustee shall draw on the applicable Liquidity Facility (or if no Liquidity Facility, request funds from the District) by 12:15 p.m. in an amount equal to the Purchase Price of all such 2025E Subordinated Bonds which have not been successfully remarketed, requesting payment not later than 2:45 p.m. on the Purchase Date. Subject to Section 108.04, if a Liquidity Facility is in effect, the Trustee shall also give the District notice by 2:45 p.m. on the Purchase Date if it does not have funds in the Remarketing Proceeds Account and the Liquidity Facility Purchase Account sufficient to pay the Purchase Price of 2025E Subordinated Bonds tendered on such Purchase Date. Any draw on a Liquidity Facility to be made on a Substitution Date shall be on the Liquidity Facility being replaced.

**Section 108.04. Source of Funds for Purchase of 2025E Subordinated Bonds.**

By 3:00 p.m. on the date on which a 2025E Subordinated Bond is to be purchased pursuant to this Article XCVI, and except as set forth in Section 108.06(b)(ii), the Trustee shall purchase tendered 2025E Subordinated Bonds from the tendering Holders at the applicable Purchase Price by wire transfer in immediately available funds. Funds for the payment of such Purchase Price shall be derived solely from the following sources in the order of priority indicated and neither the Trustee nor the Remarketing Agent shall be obligated to provide funds from any other source:

- (a) immediately available funds on deposit in the Remarketing Proceeds Account established for the 2025E Subordinated Bonds;
- (b) immediately available funds on deposit in the Liquidity Facility Purchase Account established for the 2025E Subordinated Bonds; and
- (c) moneys of the District on deposit in the District Purchase Account established for the 2025E Subordinated Bonds.

If no Liquidity Facility is in effect with respect to the 2025E Subordinated Bonds, then the District shall be obligated to deposit amounts into the District Purchase Account established for the 2025E Subordinated Bonds sufficient to pay the Purchase Price to the extent that amounts on deposit in the Remarketing Proceeds Account established for the 2025E Subordinated Bonds are insufficient therefor. If a Liquidity Facility is in effect with respect to the 2025E Subordinated Bonds, then the District may, but shall not be obligated to, deposit amounts into the District Purchase Account established for the 2025E Subordinated Bonds sufficient to pay the Purchase Price to the extent that amounts on deposit in the Remarketing Proceeds Account established for the 2025E Subordinated Bonds and the Liquidity Facility Purchase Account established for the 2025E Subordinated Bonds are insufficient therefor. If so specified in the Sales Certificate with respect to the initial Interest Rate Mode or in writing by the District prior to the first day of any subsequent Interest Rate Mode, Index Rate Period or Term Rate Period, the failure of the District to deposit amounts into the District Purchase Account when the District is obligated to deposit such amounts under this Section 108.04 shall constitute an “event of default” under Section 9.01 of the Subordinate Master Resolution.



**Section 108.05. Delivery of Subordinated Bonds.** On each date on which a 2025E Subordinated Bond is to be purchased pursuant to this Article XCVI, such 2025E Subordinated Bond shall be delivered as follows:

(a) 2025E Subordinated Bonds sold by the Remarketing Agent and described in Section 108.04(a) shall be delivered by the Remarketing Agent to the purchasers of such 2025E Subordinated Bonds by 3:00 p.m.;

(b) 2025E Subordinated Bonds purchased by the Trustee with moneys described in Section 108.04(b) shall be registered immediately in the name of the Liquidity Provider or its nominee (which may be the Securities Depository) or as otherwise specified in writing by the Liquidity Provider and held as specified in writing by the Liquidity Provider, in either case on or before 3:00 p.m.; and

(c) 2025E Subordinated Bonds purchased by the District with moneys described in Section 108.04(c) shall be registered immediately in the name of the District or its nominee on or before 3:00 p.m. 2025E Subordinated Bonds so owned by the District shall continue to be Outstanding under the terms of the Subordinate Master Resolution and be subject to all of the terms and conditions of the Subordinate Master Resolution and shall be subject to remarketing by the Remarketing Agent.

When any Liquidity Provider Bonds are remarketed, the Trustee shall not release 2025E Subordinated Bonds so remarketed to the Remarketing Agent until the Trustee has received confirmation that the Liquidity Facility has been reinstated.

**Section 108.06. Book-Entry Tenders.**

(a) Notwithstanding any other provision of this Article XCVI to the contrary, all tenders for purchase during any period in which the 2025E Subordinated Bonds are registered in the name of any Securities Depository or its nominee shall be subject to the terms and conditions set forth in the Representations Letter and to any regulations promulgated by the Securities Depository. During any period that the 2025E Subordinated Bonds are registered in the name of DTC or its nominee, the tender option rights of holders of 2025E Subordinated Bonds may be exercised only by a Direct Participant of DTC acting, directly or indirectly, on behalf of a Beneficial Owner of 2025E Subordinated Bonds by giving notice of its election to tender 2025E Subordinated Bonds or portions thereof at the times and in the manner described above. Beneficial Owners will not have any rights to tender 2025E Subordinated Bonds directly to the Trustee. Procedures under which a Beneficial Owner may direct a Direct Participant or DTC, or an Indirect Participant of DTC acting through a Director Participant of DTC, to exercise a tender option right in respect of 2025E Subordinated Bonds or portions thereof in an amount equal to all or a portion of such Beneficial Owner's beneficial ownership interest therein shall be governed by standing instructions and customary practices determined by such Direct Participant or Indirect Participant. During any period that the 2025E Subordinated Bonds are registered in the name of DTC or its nominee, delivery of 2025E Subordinated Bonds required to be tendered for purchase shall be effected by the transfer by a Direct Participant on the applicable Purchase Date of a book-entry credit to the account of the Trustee of a beneficial ownership interest in such 2025E Subordinated Bonds.



(b) Notwithstanding anything expressed or implied herein to the contrary, during any period that a Book-Entry System for the 2025E Subordinated Bonds is maintained by the District:

(i) there shall be no requirement of physical delivery to or by the Trustee or the Remarketing Agent of:

(1) any 2025E Subordinated Bonds subject to mandatory or optional purchase as a condition to the payment of the Purchase Price therefor;

(2) any 2025E Subordinated Bonds that have become Liquidity Provider Bonds; or

(3) any remarketing proceeds of such 2025E Subordinated Bonds or Liquidity Provider Bonds; and

(ii) except as provided in (iii) below, neither the Trustee nor the Paying Agent shall have any responsibility for paying the Purchase Price of any tendered 2025E Subordinated Bond or for remitting remarketing proceeds to any Person; and

(iii) the Trustee's sole responsibilities in connection with the purchase and remarketing of a tendered 2025E Subordinated Bond shall be to:

(1) draw upon the Liquidity Facility to pay the Purchase Price of 2025E Subordinated Bond in the manner provided herein and to remit the amount so drawn to or upon the order of the Securities Depository for the benefit of the tendering Beneficial Owners; and

(2) remit any proceeds derived from the remarketing of a Liquidity Provider Bond and any unused proceeds from a drawing on the Liquidity Facility to the Liquidity Provider.

**Section 108.07. No Book-Entry System.** During any period that the 2025E Subordinated Bonds shall not be in a Book-Entry System, the following procedures shall be followed:

(a) 2025E Subordinated Bonds shall be delivered (with all necessary endorsements) at or before 12:00 noon on the Purchase Date at the office of the Paying Agent in New York, New York; provided, however, that payment of the Purchase Price shall be made pursuant to this Section only if the 2025E Subordinated Bond so delivered to the Paying Agent conforms in all respects to the description thereof in the notice described in this Section. Payment of the Purchase Price with respect to purchases under this Section shall be made to the Holders of tendered 2025E Subordinated Bonds by wire transfer in immediately available funds by the Paying Agent by 3:00 p.m. on the Purchase Date.

(b) If a 2025E Subordinated Bond to be purchased pursuant to this Article XCVI is not delivered by the Holder to the Paying Agent by 12:00 noon on the date in which such 2025E Subordinated Bond is to be purchased, the Paying Agent shall hold any funds received for the purchase of those 2025E Subordinated Bonds in trust in a separate account and



shall pay such funds to the former Holders of the 2025E Subordinated Bonds upon presentation of the 2025E Subordinated Bonds. Such undelivered 2025E Subordinated Bonds shall cease to accrue interest as to the former Holders on such purchase date and moneys representing the Purchase Price shall be available against delivery of those 2025E Subordinated Bonds at the Principal Office of the Paying Agent; provided, however, that any funds which shall be so held by the Paying Agent and which remain unclaimed by the former Holder of a 2025E Subordinated Bond not presented for purchase for a period of two years after delivery of such funds to the Paying Agent, shall, to the extent permitted by law, upon request in writing by the District and the furnishing of security or indemnity to the Paying Agent's satisfaction, be paid to the District free of any trust or lien and thereafter the former Holder of such 2025E Subordinated Bond shall look only to the District and then only to the extent of the amounts so received by the District without any interest thereon and the Paying Agent shall have no further responsibility with respect to such moneys or payment of the Purchase Price of such 2025E Subordinated Bonds. The Paying Agent shall authenticate a replacement 2025E Subordinated Bond for any undelivered 2025E Subordinated Bond which may then be remarketed by the Remarketing Agent.

(c) The Paying Agent shall hold all 2025E Subordinated Bonds properly tendered to it for purchase hereunder as agent and bailee of, and in escrow for the benefit of, the respective Holders of the 2025E Subordinated Bonds which shall have so tendered such 2025E Subordinated Bonds until moneys representing the Purchase Price of such 2025E Subordinated Bonds shall have been delivered to or for the account of or to the order of such Holders.

#### **Section 108.08. Credit Enhancement and Liquidity Facility.**

(a) While a Credit Enhancement is in effect with respect to the 2025E Subordinated Bonds, the Trustee shall, on the Business Day preceding each Interest Payment Date and Principal Payment Date draw on the Credit Enhancement in accordance with the terms thereof so as to receive thereunder with respect to the 2025E Subordinated Bonds secured by the Credit Enhancement by 1:00 p.m. on said Interest Payment Date and Principal Payment Date, an amount, in immediately available funds, equal to the amount of interest and principal payable on such 2025E Subordinated Bonds on such Interest Payment Date and Principal Payment Date. The proceeds of such draws shall be deposited in a separate account in the Subordinated Bond Interest and Principal Fund and shall be applied to pay principal of and interest on such 2025E Subordinated Bonds prior to the application of any other funds held by the Trustee therefor. Amounts held in such account shall be held uninvested and separate and apart from all other funds and accounts. Such accounts shall at all times be Eligible Accounts.

(b) If a Liquidity Facility is in effect with respect to the 2025E Subordinated Bonds, on each date on which a 2025E Subordinated Bond is to be purchased, the Trustee, by demand given by Electronic Means by 12:15 p.m., shall draw on the Liquidity Facility in accordance with the terms thereof so as to receive thereunder by 2:45 p.m. on such date an amount, in immediately available funds, sufficient, together with the proceeds of the remarketing of such 2025E Subordinated Bonds on such date, to enable the Trustee to pay the Purchase Price in connection therewith. The Trustee shall deposit said proceeds in the Liquidity Facility Purchase Account established for the 2025E Subordinated Bonds pursuant to Section 108.09(b) hereof.



(c) Notwithstanding the foregoing paragraphs of this Section, if the Credit Provider and the Liquidity Provider are the same entity, the Trustee shall not draw on the Credit Enhancement with respect to any payments due or made in connection with Liquidity Provider Bonds. In no event shall the Trustee draw on the Credit Enhancement or Liquidity Facility with respect to any payments made or made in connection with 2025E Subordinated Bonds not covered by the Credit Enhancement or Liquidity Facility or 2025E Subordinated Bonds owned by the District.

(d) The District may provide an Alternate Credit Enhancement or Alternate Liquidity Facility on any day on which 2025E Subordinated Bonds to be secured by such Alternate Credit Enhancement or Alternate Liquidity Facility are subject to redemption at par and not later than the fifth (5th) Business Day prior to the Expiration Date of the Credit Enhancement or Liquidity Facility then in effect and supporting such 2025E Subordinated Bonds. The District shall give the Notice Parties written notice of the proposed substitution of an Alternate Credit Enhancement or Alternate Liquidity Facility no less than two (2) Business Days prior to the date on which the Trustee is required to provide notice of the proposed substitution to the Holders of the 2025E Subordinated Bonds. The Trustee shall give notice of such Substitution Date in accordance with Section 108.02. On or before the Substitution Date there shall be delivered to the Trustee (i) the Alternate Credit Enhancement or the Alternate Liquidity Facility in substitution for the Credit Enhancement or Liquidity Facility then in effect, (ii) a Favorable Opinion of Bond Counsel, (iii) a written Opinion of Counsel for the provider of the Alternate Credit Enhancement or Alternate Liquidity Facility, as applicable, to the effect that such Alternate Credit Enhancement or Alternate Liquidity Facility is a valid, legal and binding obligation of the provider thereof, and (iv) unless waived by such entity, written evidence satisfactory to the Credit Provider and the Liquidity Provider of the provision for purchase from the Liquidity Provider of all Liquidity Provider Bonds, at a price equal to the principal amount thereof plus accrued and unpaid interest, and payment of all amounts due to the Credit Provider and the Liquidity Provider under the applicable Reimbursement Agreement or Liquidity Facility on or before the effective date of such Alternate Credit Enhancement or Alternate Liquidity Facility. Upon the satisfaction of the conditions described in the preceding sentence, the Trustee shall accept such Alternate Credit Enhancement or Alternate Liquidity Facility on the close of business on the Substitution Date and shall surrender the Credit Enhancement or Liquidity Facility then in effect to the provider thereof on the Substitution Date; provided, however, that the Trustee shall not surrender the Credit Enhancement or Liquidity Facility then in effect unless and until the Trustee has received all amounts drawn thereunder. If any condition to the substitution is not satisfied, the substitution shall not occur but the 2025E Subordinated Bonds shall remain subject to mandatory purchase on the proposed Substitution Date.

(e) In the event of an extension of the Expiration Date, the District shall give to the Notice Parties, a written notice of the new Expiration Date at least fifteen (15) days prior to the fifth Business Day prior to the Expiration Date in effect prior to such extension.

(f) The references to Credit Enhancement and Liquidity Facility and Credit Provider and Liquidity Provider shall be disregarded during any period during which a Credit Enhancement or Liquidity Facility, as applicable, is not in effect.



(g) The Trustee shall not have any lien on or security interest in any amounts drawn under a Credit Enhancement or a Liquidity Facility or any amounts on deposit in the account described in Section 108.08(a) above in which proceeds of draws on a Credit Enhancement are deposited or a Liquidity Facility Purchase Account.

(h) If at any time during the term of a Credit Enhancement and/or Liquidity Facility any successor Trustee shall be appointed and qualified under the Subordinate Master Resolution, the resigning or removed Trustee shall request that the Credit Provider and/or Liquidity Provider, as applicable, transfer such Credit Enhancement and/or Liquidity Facility to the successor Trustee and such resignation or removal of the Trustee shall not be effective until the Credit Enhancement and/or Liquidity Facility has been duly transferred (including the payment of any required transfer fee) to such successor Trustee. If the resigning or removed Trustee fails to make this request, the successor Trustee shall do so before accepting appointment.

(i) The Trustee may accept, hold and draw upon a Credit Enhancement and/or a Liquidity Facility issued by itself or by any of its corporate affiliates to provide security and a source of payment for the 2025E Subordinated Bonds. The Trustee covenants that it shall at all times maintain adequate controls to manage any potential conflict of interest. Notwithstanding any other provision herein to the contrary, while the Credit Provider and/or Liquidity Provider is the Trustee or an affiliate of the Trustee and such Credit Provider and/or Liquidity Provider has not failed to honor a properly presented draw on the Credit Enhancement and/or Liquidity Facility, the Trustee shall have no discretion with respect to the acceleration of the 2025E Subordinated Bonds and shall do so only upon the written direction of such Credit Provider and/or Liquidity Provider and as otherwise permitted by the Subordinate Master Resolution. The Trustee shall immediately tender its resignation and take prompt steps to have a successor trustee appointed satisfying the requirements of the Subordinate Master Resolution if such affiliated Credit Provider and/or Liquidity Provider shall fail at any time to honor a properly presented and conforming draw on the Credit Enhancement and/or Liquidity Facility.

**Section 108.09. Purchase Fund.** There is hereby established and there shall be maintained with the Trustee a separate fund to be known as the “Purchase Fund.” The Trustee shall further establish separate accounts within the Purchase Fund to be known as the “Liquidity Facility Purchase Account”, the “Remarketing Proceeds Account” and the “District Purchase Account”. At any time at which there is a Liquidity Facility in effect with respect to the 2025E Subordinated Bonds, the Purchase Fund shall be required to be an Eligible Account.

(a) Remarketing Proceeds Account. Upon receipt of the proceeds of a remarketing of a 2025E Subordinated Bond on the date such 2025E Subordinated Bond is to be purchased, the Trustee shall deposit such proceeds in the Remarketing Proceeds Account for application to the Purchase Price of such 2025E Subordinated Bond. Notwithstanding the foregoing, upon the receipt of the proceeds of a remarketing of Liquidity Provider Bonds, the Trustee shall immediately pay such proceeds to the Liquidity Provider to the extent of any amount owing to the Liquidity Provider.

(b) Liquidity Facility Purchase Account. Upon receipt of the immediately available funds pursuant to Section 108.08(b), the Trustee shall deposit such money in the



Liquidity Facility Purchase Account for application to the Purchase Price of the 2025E Subordinated Bonds to the extent that the moneys on deposit in the Remarketing Proceeds Account shall not be sufficient. Any amounts deposited in the Liquidity Facility Purchase Account and not needed with respect to the Purchase Price of any 2025E Subordinated Bonds shall be immediately returned to the Liquidity Provider.

(c) District Purchase Account. Upon receipt of funds from the District pursuant to Section 108.04, the Trustee shall deposit such funds in the District Purchase Account for application to the Purchase Price of the 2025E Subordinated Bonds. Any amounts deposited in the District Purchase Account and not needed with respect to the Purchase Price for any 2025E Subordinated Bonds shall be immediately returned to the District.

(d) Investment. Amounts held in the Liquidity Facility Purchase Account, the Remarketing Proceeds Account and the District Purchase Account by the Trustee shall be held uninvested and separate and apart from all other funds and accounts.

#### **Section 108.10. Inadequate Funds for Tenders.**

(a) If moneys sufficient to pay the Purchase Price of all Tendered Bonds to be purchased on any Purchase Date are not available (1) no purchase shall be consummated of Tendered Bonds on such Purchase Date; (2) all Tendered Bonds shall be returned to the Holders thereof; and (3) all remarketing proceeds with respect to the 2025E Subordinated Bonds shall be returned to the Remarketing Agent for return to the Persons providing such moneys. Thereafter, the Trustee shall continue to take all such action available to it to obtain remarketing proceeds with respect to all Tendered Bonds from the Remarketing Agent and sufficient other funds from the Liquidity Provider, if any, or, subject to Section 108.04, the District to effect a subsequent successful remarketing or purchase of any Tendered Bonds.

(b) All Tendered Bonds (other than Liquidity Provider Bonds and 2025E Subordinated Bonds in the Direct Purchase Index Mode) shall bear interest at the Maximum Rate (or such lower interest rate or rates specified in the Sales Certificate for the initial Interest Rate Mode or in writing by the District prior to the first day of any subsequent Interest Rate Mode, Index Rate Period or Term Rate Period) during the period of time from and including the applicable Purchase Date to (but not including) the date that all such Tendered Bonds are successfully remarketed, redeemed, purchased or paid (the "Delayed Remarketing Period").

(c) The District may direct the conversion of the Tendered Bonds to a different Interest Rate Mode, Index Rate Period or Term Rate Period during the Delayed Remarketing Period in accordance with Section 106.11 hereof; provided that the District shall not be required to comply with the notice requirements described in Section 106.11.

(d) Subject to the terms of the Remarketing Agreement, if any, the Remarketing Agent shall continue to use its best efforts to remarket all of the Tendered Bonds at rates up to and including the Maximum Rate.

(e) During the Delayed Remarketing Period, the Trustee may, upon direction of the District, apply amounts on deposit in the Redemption Fund to the redemption of such Tendered Bonds, as a whole or in part on any Business Day during the Delayed Remarketing



Period, at a redemption price equal to the principal amount thereof, together with interest accrued thereon to the date fixed for redemption, without premium. Notwithstanding Section 107.08 to the contrary, the Trustee shall give five Business Days' notice of such redemption to the Holders of the 2025E Subordinated Bonds to be redeemed.

(f) During the Delayed Remarketing Period, interest on such Tendered Bonds (other than 2025E Subordinated Bonds in the Direct Purchase Index Mode) shall be paid to the Holders thereof (i) on the first Business Day of each calendar month occurring during the Delayed Remarketing Period and (ii) on the last day of the Delayed Remarketing Period.

## **ARTICLE CIX**

### **REMARKETING AGENT**

#### **Section 109.01. Appointment of Remarketing Agent.**

(a) The Remarketing Agent shall be appointed pursuant to the Remarketing Agreement to remarket 2025E Subordinated Bonds pursuant to this Eighteenth Supplemental Resolution and perform the other duties of the Remarketing Agent described hereunder, and to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the District and the Trustee at all reasonable times. The Remarketing Agent shall act as such under the Remarketing Agreement.

(b) The Remarketing Agent may at any time resign and be discharged of the duties and obligations created by this Eighteenth Supplemental Resolution as set forth in the Remarketing Agreement. The Remarketing Agent may suspend its remarketing efforts as set forth in the Remarketing Agreement. The Remarketing Agent may be removed at any time, at the direction of the District as set forth in the Remarketing Agreement. Any successor Remarketing Agent shall be selected by the District, and shall be a member of the Financial Industry Regulatory Authority, or its successors, shall have a capitalization of at least fifteen million dollars (\$15,000,000), shall be authorized by law to perform all the duties set forth in this Eighteenth Supplemental Resolution and shall be acceptable to the Credit Provider and Liquidity Provider. The District's delivery to the Trustee of a certificate setting forth the effective date of the appointment of a successor Remarketing Agent and the name of such successor shall be conclusive evidence that (i) if applicable, the predecessor Remarketing Agent has been removed in accordance with the provisions of this Eighteenth Supplemental Resolution and (ii) such successor has been appointed and is qualified to act as Remarketing Agent under the terms of this Eighteenth Supplemental Resolution.

(c) If the Remarketing Agent consolidates with, merges or converts into, or transfers all or substantially all of its assets (or, in the case of a bank, national banking association or trust company, its corporate assets) to, another corporation, the resulting, surviving or transferee corporation without any further act shall be the successor Remarketing Agent.



## ARTICLE CX

### MISCELLANEOUS

**Section 110.01. 2025E Subordinated Sinking Fund Account; Payments of Interest, Principal and Redemption Price and Defeasance While Credit Enhancement in Effect.**

(a) An account is hereby established within the Subordinated Bonds Interest and Principal Fund to be designated the “Series 2025E Sinking Fund Account.” The Treasurer shall deposit in the Series 2025E Sinking Fund Account the mandatory sinking fund account payments in the amounts, on the mandatory sinking fund account payment dates, set forth in Section 107.05(a) and shall transfer such amounts to the Trustee on such date for application as provided in Section 110.01(b).

(b) On each mandatory sinking fund account payment date established for the 2025E Subordinated Bonds, the Trustee shall apply the mandatory sinking fund account payment required on that date to the redemption (or payment at maturity, as the case may be) of the 2025E Subordinated Bonds for which the mandatory sinking fund account payment has been made, upon the notice and in the manner provided in Section 107.08; provided that, at any time prior to giving such notice of such redemption, the Trustee shall, upon direction of the District, apply such moneys to the purchase of such 2025E Subordinated Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest) as the District may direct, except that the purchase price (excluding accrued interest) shall not exceed the par amount of such 2025E Subordinated Bonds. If, during the twelve-month period immediately preceding said mandatory sinking fund account payment date, the Trustee has purchased 2025E Subordinated Bonds with moneys in the Series 2025E Sinking Fund Account, or, during said period and prior to giving said notice of redemption, the District has deposited 2025E Subordinated Bonds with the Trustee, such 2025E Subordinated Bonds so purchased or deposited or redeemed shall be applied, to the extent of the full principal amount thereof, to reduce said mandatory sinking fund account payment. All 2025E Subordinated Bonds purchased or deposited pursuant to this subsection shall be cancelled and destroyed by the Trustee. All 2025E Subordinated Bonds purchased from the Series 2025E Sinking Fund Account or deposited by the District with the Trustee shall be allocated first to the next succeeding mandatory sinking fund account payment, then to the remaining mandatory sinking fund account payments as selected by the District.

(c) Any moneys remaining in the Series 2025E Sinking Fund Account after all 2025E Subordinated Bonds have been retired shall be returned to the District for any lawful District use.



(d) Notwithstanding the foregoing provisions of this Section 110.01 or Section 5.02 or any other provision of the Subordinate Master Resolution, unless a Credit Provider Failure has occurred and is continuing, if Credit Enhancement is in effect with respect to the 2025E Subordinated Bonds, the principal and Redemption Price of, and interest on, the 2025E Subordinated Bonds shall be paid solely (1) first, from moneys obtained from a drawing on the Credit Enhancement pursuant to Section 108.08(a) and (2) second, in the event moneys are not available pursuant to clause (1) for such purpose for any reason, from Available Moneys and moneys on deposit in the Series 2025E Sinking Fund Account shall be withdrawn by the Trustee and used solely for the purpose of reimbursing the Credit Provider for drawings under the Credit Enhancement. To the extent the Credit Provider honors a drawing under the Credit Enhancement for the purpose of paying the principal or Redemption Price of, or interest on, the 2025E Subordinated Bonds, the District shall receive a credit against its obligation to make deposits into the Subordinated Bonds Interest and Principal Fund and shall not be required to transfer funds to the Trustee in the amount of such drawing.

(e) Notwithstanding the provisions of Article X of the Subordinate Master Resolution, unless a Credit Provider Failure has occurred and is continuing, if Credit Enhancement is in effect with respect to the 2025E Subordinated Bonds, 2025E Subordinated Bonds shall not be deemed defeased or otherwise paid or satisfied unless such 2025E Subordinated Bonds are defeased with (1) moneys obtained from a drawing on the Credit Enhancement pursuant to Section 108.08(a), (2) Available Moneys or (3) Defeasance Securities acquired with moneys described in (1) or (2). Any Defeasance Securities used to defease 2025E Subordinated Bonds for which Credit Enhancement is in effect shall be not callable by the issuer thereof prior to maturity and shall mature no later than the earlier of (x) the first day upon which such 2025E Subordinated Bonds may be tendered or (y) the first day upon which such 2025E Subordinated Bonds may be redeemed. For purpose of Article X of the Subordinate Master Resolution, interest on the 2025E Subordinated Bonds shall be calculated based on an assumed interest rate equal to the Maximum Rate for periods for which the actual interest rate on the 2025E Subordinated Bonds cannot be determined.

**Section 110.02. Form and Execution of 2025E Subordinated Bonds.** The 2025E Subordinated Bonds, and the certificate of authentication and registration to be executed thereon, shall be in substantially the form set forth as Exhibit A to this Eighteenth Supplemental Resolution.

The 2025E Subordinated Bonds shall be executed in the name and on behalf of the District with the manual or facsimile signature of the President or Vice President of its Board of Directors. The 2025E Subordinated Bonds shall then be delivered to the Trustee for authentication by it. In case any officer who shall have signed any of the 2025E Subordinated Bonds shall cease to be such officer of the District before the 2025E Subordinated Bonds so signed shall have been authenticated or delivered by the Trustee or issued by the District, such 2025E Subordinated Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the District as though those who signed the same had continued to be such officer of the District, and also any 2025E Subordinated Bond may be signed on behalf of the District by such person as at the actual date of execution of such 2025E Subordinated Bond shall be the proper officer of the District although



at the nominal date of such 2025E Subordinated Bond any such person shall not have been such officer of the District.

Only such of the 2025E Subordinated Bonds as shall bear thereon a certificate of authentication substantially in the form set forth in Exhibit A to this Eighteenth Supplemental Resolution, manually executed by an authorized signatory of the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of the Subordinate Master Resolution, and such certificate of the Trustee shall be conclusive evidence that the 2025E Subordinated Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of the Subordinate Master Resolution.

**Section 110.03. Issuance of 2025E Subordinated Bonds.** At any time after the adoption of this Eighteenth Supplemental Resolution, the District may execute and deliver the 2025E Subordinated Bonds in the aggregate principal amount set forth in the Sales Certificate. The Trustee shall authenticate and deliver the 2025E Subordinated Bonds upon written order of the District. The proceeds of the sale of the 2025E Subordinated Bonds shall be deposited and applied as set forth in the Sales Certificate.

**Section 110.04. Use of Depository.** Notwithstanding any provision of the Subordinate Master Resolution or this Eighteenth Supplemental Resolution to the contrary:

(a) The 2025E Subordinated Bonds shall be initially issued as provided in Section 106.02; provided, that 2025E Subordinated Bonds in the Direct Purchase Index Mode shall be issued in definitive certificated form registered in the name of the Holder thereof or as otherwise directed by the Holder. 2025E Subordinated Bonds in any other Interest Rate Mode shall be registered in the name of Cede & Co. or as otherwise directed by the Securities Depository and registered ownership thereof, or any portion thereof, may not thereafter be transferred except:

(i) To any successor of DTC or its nominee, or to any substitute depository designated pursuant to clause (ii) of this subsection (a) (“substitute depository”); provided that any successor of DTC or substitute depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(ii) To any substitute depository not objected to by the Trustee, upon (1) the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or (2) a determination by the District that DTC or its successor (or any substitute depository or its successor) is no longer able to carry out its functions as depository; provided that any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(iii) To any person as provided below, upon (1) the resignation of DTC or its successor (or substitute depository or its successor) from its functions as depository; provided that no substitute depository which is not objected to by the Trustee can be obtained or (2) a determination by the District that it is in the best interests of the District to remove DTC or its successor (or any substitute depository or its successor) from its functions as depository.



(b) In the case of any transfer pursuant to clause (i) or clause (ii) of subsection 110.04(a) hereof, upon receipt of all outstanding 2025E Subordinated Bonds by the Trustee, together with a Certificate of the District to the Trustee, a single new 2025E Subordinated Bond shall be executed and delivered for each maturity of 2025E Subordinated Bonds then outstanding registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such Certificate of the District. In the case of any transfer pursuant to clause (iii) of subsection 110.04(a) hereof, upon receipt of all outstanding 2025E Subordinated Bonds by the Trustee together with a Certificate of the District to the Trustee, new 2025E Subordinated Bonds shall be executed and delivered in such denominations and registered in the names of such persons as are requested in such a Certificate of the District, subject to the limitations of Section 110.04(a) hereof, provided the Trustee shall not be required to deliver such new 2025E Subordinated Bonds within a period less than 60 days from the date of receipt of such a Certificate of the District. Subsequent to any transfer pursuant to clause (iii) of subsection 110.04(a) hereof, the 2025E Subordinated Bonds shall be transferred as provided in Article II of the Subordinate Master Resolution.

(c) In the case of partial redemption or an advance refunding of the 2025E Subordinated Bonds evidencing all or a portion of the principal maturing in a particular year, DTC shall make an appropriate notation on the 2025E Subordinated Bonds indicating the date and amounts of such reduction in principal. The Trustee shall incur no liability for the failure or any error by DTC in making such notation and the records of the Trustee shall be determinative of the outstanding principal amount of 2025E Subordinated Bonds.

(d) The District and the Trustee shall be entitled to treat the person in whose name any 2025E Subordinated Bond is registered as the Bondholder thereof for all purposes of the Subordinate Master Resolution and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the District; and the District and the Trustee shall have no responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with, any Beneficial Owners of the 2025E Subordinated Bonds. Neither the District nor the Trustee will have any responsibility or obligations, legal or otherwise, to the Beneficial Owners or to any other party including DTC or its successor (or substitute depository or its successor), except for the Holder of any 2025E Subordinated Bond.

(e) During any period that the Outstanding 2025E Subordinated Bonds are registered in the name of Cede & Co. or its registered assigns, the District and the Trustee (to the extent funds are provided to it by the District) shall cooperate with Cede & Co., as sole registered Bondholder, and its registered assigns, in effecting payment of the principal of and redemption premium, if any, and interest on the 2025E Subordinated Bonds by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available on the date they are due.

#### **Section 110.05. Tax Covenants.**

(a) The District shall at all times do and perform all acts and things permitted by law which are necessary or desirable in order to assure that interest paid on the 2025E Subordinated Bonds (or any of them) will be excluded from gross income for federal income tax purposes and shall take no action that would result in such interest not being excluded from gross



income for federal income tax purposes. Without limiting the generality of the foregoing, the District agrees to comply with the provisions of the 2025 Tax Certificate. This covenant shall survive payment in full or defeasance of the 2025E Subordinated Bonds.

(b) Without limiting the generality of the foregoing, the District agrees that there shall be paid from time to time all amounts required to be rebated to the United States of America pursuant to Section 148(f) of the Internal Revenue Code of 1986 (the “Code”) and any temporary, proposed or final United States Treasury Regulations as may be applicable to the 2025E Subordinated Bonds from time to time (the “Rebate Requirement”). The District specifically covenants to pay or cause to be paid the Rebate Requirement as provided in the 2025 Tax Certificate to the United States of America from any Net Subordinate Revenues lawfully available to the District. This covenant shall survive payment in full or defeasance of the 2025E Subordinated Bonds. Capitalized terms in this Section not otherwise defined in the Subordinate Master Resolution or this Eighteenth Supplemental Resolution shall have the meanings ascribed to them in the 2025 Tax Certificate.

(c) The District shall establish, maintain and hold in trust a fund separate from any other fund established and maintained hereunder designated the Rebate Fund. The District shall cause to be deposited in the Rebate Fund the Rebate Requirement as provided in the 2025 Tax Certificate. Subject to the provisions of this Section, moneys held in the Rebate Fund are hereby pledged to secure payments to the United States government, and the District and the Bondholders shall have no rights in or claim to such moneys.

(d) In accordance with the 2025 Tax Certificate, the District shall remit part or all of the balance held in the Rebate Fund to the United States government as so directed.

(e) Notwithstanding any provision of this Section, if the District shall obtain an opinion of counsel of recognized national standing in the field of obligations the interest on which is excluded from gross income for purposes of federal income taxation to the effect that any specified action required under this Section is no longer required, or to the effect that some different action is required, to maintain the exclusion from gross income of the interest on the 2025E Subordinated Bonds under Section 103 of the Code, the District may rely conclusively on such opinion in complying with the provisions hereof, and the agreements and covenants hereunder shall be deemed to be modified to that extent without the necessity of an amendment of the Subordinate Master Resolution or this Eighteenth Supplemental Resolution or the consent at any time of the Bondholders.

#### **Section 110.06. Rights of Credit Provider.**

(a) Unless a Credit Provider Failure has occurred and is continuing, the Credit Provider shall be deemed the sole Holder of the 2025E Subordinated Bonds for the purpose of directing the Trustee with respect to the exercise of remedies and the declaration or waiver of Events of Default pursuant to Article IX of the Subordinate Resolution.

(b) Unless a Credit Provider Failure has occurred and is continuing, the Subordinate Master Resolution and this Eighteenth Supplemental Resolution shall not be amended without the written consent of the Credit Provider.



(c) Unless a Credit Provider Failure has occurred and is continuing, the District shall not appoint a successor Remarketing Agent or Trustee without the written consent of the Credit Provider.

**Section 110.07. Limitations on Rights of Trustee.**

(a) Proceeds of drawings on the Credit Enhancement and the Liquidity Facility and moneys on deposit in the Purchase Fund shall be used solely for the purposes set forth herein, and the Trustee shall have no lien on such proceeds or money, nor shall such proceeds or moneys be used for, the payment of the fees and/or expenses of the Trustee.

(b) The Trustee shall draw on the Credit Enhancement and the Liquidity Facility at the times and in the manner provided herein and therein and shall have no right to seek or obtain indemnification from the District, the Holders or any other party as a condition of making any such drawing.

**Section 110.08. Terms of 2025E Subordinated Bonds Subject to the Subordinate Master Resolution.**

(a) Except as in this Eighteenth Supplemental Resolution expressly provided, every term and condition contained in the Subordinate Master Resolution shall apply to this Eighteenth Supplemental Resolution and to the 2025E Subordinated Bonds with the same force and effect as if the same were herein set forth at length, with such omissions, variations and modifications thereof as may be appropriate to make the same conform to this Eighteenth Supplemental Resolution.

(b) This Eighteenth Supplemental Resolution and all the terms and provisions herein contained shall form part of the Subordinate Master Resolution as fully and with the same effect as if all such terms and provisions had been set forth in the Subordinate Master Resolution. The Subordinate Master Resolution is hereby ratified and confirmed and shall continue in full force and effect in accordance with the terms and provisions thereof, as supplemented and amended hereby.

**Section 110.09. Resolution of Trust to Remain in Effect.** Save and except as supplemented by this Eighteenth Supplemental Resolution, the Subordinate Master Resolution shall remain in full force and effect.

**Section 110.10. Notice to Rating Agencies.** (a) The District shall provide or cause to be provided prompt notice of the following events to the Rating Agencies, if any:

(1) the expiration, termination, extension or substitution of any Credit Enhancement or Liquidity Facility relating to the 2025E Subordinated Bonds;

(2) any optional redemption (as a whole or in part), mandatory purchase or acceleration of the 2025E Subordinated Bonds;

(3) any Conversion of the 2025E Subordinated Bonds;



(4) any amendment, modification or supplement of or to the Subordinate Master Resolution or any Credit Enhancement or Liquidity Facility relating to the 2025E Subordinated Bonds (which notice shall be provided or caused to be provided at least ten days prior to the effective date thereof);

(5) any change in the party instructed to draw on any Credit Enhancement or Liquidity Facility relating to the 2025E Subordinated Bonds;

(6) any removal or resignation of the Trustee or the Remarketing Agent; or

(7) any legal defeasance of the 2025E Subordinated Bonds.

(b) The District and the Trustee shall provide or cause to be provided to the Rating Agencies any information reasonably requested by such Rating Agency to maintain its rating, if any, on the 2025E Subordinated Bonds.

**Section 110.11. Continuing Disclosure.** The District hereby covenants and agrees that it will comply with and carry out all of the provisions of any Continuing Disclosure Agreement executed in connection with the 2025E Subordinated Bonds. Notwithstanding any other provision of the Subordinate Master Resolution or this Eighteenth Supplemental Resolution, failure of the District to comply with any such Continuing Disclosure Agreement shall not be considered an Event of Default; however, the Trustee shall, at the written request of any Participating Underwriter (as defined in any such Continuing Disclosure Agreement) or the Holders of at least 25% aggregate principal amount of Outstanding 2025E Subordinated Bonds upon receipt of indemnity satisfactory to the Trustee or any Holder of 2025E Subordinated Bonds or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Section. For purposes of this Section, “Beneficial Owner” means any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any 2025E Subordinated Bonds (including persons holding 2025E Subordinated Bonds through nominees, depositories or other intermediaries).

**Section 110.12. Designation of Credit Provider and Liquidity Provider Reimbursement Obligations as Parity Subordinated Debt; Authorization and Issuance of Revolving Notes.** For the avoidance of doubt, the District hereby designates as Parity Subordinated Debt, secured by the pledge of Net Subordinated Revenues made by the District pursuant to Section 5.01 of the Subordinate Master Resolution on the same basis as the Subordinated Bonds and all other Parity Subordinated Debt as provided in the Subordinate Master Resolution, any and all obligations of the District pursuant to any Credit Enhancement, Liquidity Facility, or Reimbursement Agreement to reimburse each Credit Provider or Liquidity Provider for drawings or other advances on or pursuant to the related Credit Enhancement or Liquidity Facility, including, without limitation, any accrued interest on such drawings or advances, all as set forth in the related Credit Enhancement, Liquidity Facility, or Reimbursement Agreement (collectively, the “Reimbursement Obligations”). In order to more fully evidence the Reimbursement Obligations as Parity Subordinated Debt, the Board hereby authorizes the issuance from time to time of one or more revenue bonds pursuant to the Act in substantially the form of and with the terms stated in the form of the revolving note set forth as



Exhibit B to this Eighteenth Supplemental Resolution (each a “Revolving Note”), but the delivery of such Revolving Note shall not be required to secure such Reimbursement Obligations as Parity Subordinated Debt. At the time of each delivery of a Credit Enhancement or Liquidity Facility pursuant to the terms of this Eighteenth Supplemental Resolution, the District may deliver a Revolving Note to the related Credit Provider or Liquidity Provider with a stated amount equal to the Available Amount under such Credit Enhancement or Liquidity Facility and with all blanks and brackets filled in as appropriate and with such other changes as may be necessary or appropriate to conform to the terms of such Credit Enhancement, Liquidity Facility, or Reimbursement Agreement.

Approved: May 15, 2025

INTRODUCED: DIRECTOR ROSE				
SECONDED: DIRECTOR HERBER				
DIRECTOR	AYE	NO	ABSTAIN	ABSENT
FISHMAN	X			
ROSE	X			
BUI-THOMPSON	X			
HERBER	X			
KERTH	X			
TAMAYO	X			
SANBORN	X			



**EXHIBIT A**

**FORM OF 2025E SUBORDINATED BOND**

[TO BE CONFORMED TO SALES CERTIFICATE]

No. R-\_\_\_\_\_ \$ \_\_\_\_\_

**SACRAMENTO MUNICIPAL UTILITY DISTRICT  
SUBORDINATED ELECTRIC REVENUE BOND  
2025 SERIES E**

Maturity	Interest Per Annum	Date	CUSIP
_____, 20__	Variable	_____, 2025	

REGISTERED OWNER: \_\_\_\_\_

PRINCIPAL AMOUNT: \_\_\_\_\_ DOLLARS

SACRAMENTO MUNICIPAL UTILITY DISTRICT, a municipal utility district duly organized and existing under and pursuant to the laws of the State of California (the “District”), for value received, hereby promises to pay (but only out of the Net Subordinated Revenues hereinafter referred to) to the registered owner named above or registered assigns, on the maturity date specified above, the principal sum specified above together with interest thereon from \_\_\_\_\_, 2025, until the principal hereof shall have been paid, at the interest rates per annum determined as set forth below, payable on each Interest Payment Date, as defined below. The principal of and premium, if any, and interest on the 2025E Subordinated Bonds, as defined below, shall be payable in lawful money of the United States of America. Interest on the 2025E Subordinated Bonds shall be paid on each Interest Payment Date, as defined below, by the Paying Agent during a Daily Mode, Weekly Mode, Term Rate Mode, Index Mode or Fixed Rate Mode, by check mailed on the date on which due to the Holders of the 2025E Subordinated Bonds at the close of business on the Record Date for the 2025E Subordinated Bonds in respect of such Interest Payment Date at the registered addresses of the Holders of the 2025E Subordinated Bonds as shall appear on the registration books of the Trustee. In the case of (i) 2025E Subordinated Bonds in a Direct Purchase Index Mode or Flexible Mode or (ii) any Holder of 2025E Subordinated Bonds in any Interest Rate Mode other than a Direct Purchase Index Mode or Flexible Mode in an aggregate principal amount in excess of \$1,000,000 as shown on the registration books of the Trustee who, prior to the Record Date for the 2025E Subordinated Bonds next preceding any Interest Payment Date, shall have provided the Paying Agent with written wire transfer instructions, interest payable on such 2025E Subordinated Bonds shall be paid on each Interest Payment Date in accordance with the wire transfer instructions provided by the Holder of such 2025E Subordinated Bond; provided, however, that during any Flexible Rate Period, except for 2025E Subordinated Bonds registered in the name of the Securities Depository



(or its nominee), interest on any such 2025E Subordinated Bond shall be payable only upon surrender of such 2025E Subordinated Bond at the office of the Paying Agent. The principal of and premium, if any, on each 2025E Subordinated Bond shall be payable on the Principal Payment Date of such 2025E Subordinated Bond upon surrender thereof at the office of the Paying Agent, subject to the terms of the Eighteenth Supplemental Resolution, as defined below.

This Bond is one of a duly authorized issue of Sacramento Municipal Utility District Subordinated Electric Revenue Bonds (hereinafter called the “Subordinated Bonds”) designated as Subordinated Electric Revenue Bonds, 2025 Series E (the “2025E Subordinated Bonds”). The Subordinated Bonds are not limited in aggregate principal amount, except as otherwise provided in the Subordinate Resolution hereinafter mentioned, and consist or may consist of one or more series of varying denominations, dates, maturities, interest rates and other provisions, as in said Subordinate Resolution provided, all issued and to be issued pursuant to the provisions of the Revenue Bond Law of 1941 as made applicable by Article 6a of Chapter 6, Division 6, of the California Public Utilities Code and Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (hereinafter called the “Act”). This 2025E Subordinated Bond is issued pursuant to Resolution No. 85-11-1 of the District, adopted November 7, 1985, providing for the issuance of the Subordinated Bonds, as amended and restated by Resolution No. 01-06-10 of the District, adopted on June 21, 2001 (as amended and restated, the “Subordinate Master Resolution”), and as supplemented and amended by resolutions to date, including by a Eighteenth Supplemental Resolution, adopted May 15, 2025, authorizing the issuance of the 2025E Subordinated Bonds (said resolution as amended, restated and supplemented and the Eighteenth Supplemental Resolution being hereinafter collectively called the “Subordinate Resolution”). Reference is hereby made to the Subordinate Resolution and the Act for a description of the terms on which the Subordinated Bonds are issued and to be issued, the provisions with regard to the nature and extent of the Revenues, as that term is defined in the Subordinate Resolution, and the rights of the registered owners of the Subordinated Bonds; and all the terms of the Subordinate Resolution and the Act are hereby incorporated herein and constitute a contract between the District and the registered owner from time to time of this 2025E Subordinated Bond, and to all the provisions thereof the registered owner of this 2025E Subordinated Bond, by its acceptance hereof, consents and agrees. Additional bonds may be issued on a parity with the Subordinated Bonds of this authorized issue, but only subject to the conditions and limitations contained in the Subordinate Resolution. Capitalized terms used, but not defined herein shall have the meaning given such terms in the Subordinate Resolution.

The Subordinated Bonds and the interest thereon, together with the Parity Subordinated Debt (as defined in the Subordinate Resolution) heretofore or hereafter issued by the District, and the interest thereon, are payable from, and are secured by a charge and lien on, the Net Subordinated Revenues derived by the District from the Electric System (as those terms are defined in the Subordinate Resolution). The District covenants and warrants that for the payment of the Subordinated Bonds, and interest thereon, there have been created and will be maintained by the District special funds into which there shall be deposited from Net Subordinated Revenues available for that purpose sums sufficient to pay the principal of, and interest on, all of the Subordinated Bonds, as such principal and interest become due, and as an irrevocable charge the District has allocated Net Subordinated Revenues to such payment, all in accordance with the Subordinate Resolution.



The Subordinated Bonds, including the 2025E Subordinated Bonds, are expressly subordinated in right of payment to the prior payment in full of all Parity Bonds, as that term is defined in Resolution No. 6649 of the District, adopted on January 7, 1971 (the “Senior Bond Resolution”), including the District’s Electric Revenue Bonds. The holder of this 2025E Subordinated Bond, by acceptance hereof, authorizes and directs the Trustee on its behalf to take such action as may be necessary or appropriate to effectuate the subordination provided in this paragraph and in the Subordinate Resolution and appoints the Trustee its attorney-in-fact for any and all such purposes.

The Subordinated Bonds are special obligations of the District, and are payable, both as to principal and interest, out of the Net Subordinated Revenues pertaining to the Electric System, and not out of any other fund or moneys of the District. No holder of this Bond shall ever have the right to compel any exercise of the taxing power of the District to pay this Bond or the interest hereon.

The term of the 2025E Subordinated Bonds will be divided into consecutive Interest Periods during each of which the 2025E Subordinated Bonds shall bear interest at a Flexible Rate or Flexible Rates, a Daily Rate, a Weekly Rate, a Direct Purchase Index Rate, a Term Rate, an Index Rate or a Fixed Rate or Fixed Rates. The 2025E Subordinated Bonds shall initially bear interest at a Term Rate for an initial Term Rate Period ending on [\_\_\_\_\_, 20\_\_]. The Interest Rate Mode, Term Rate Period, Index Rate Period and Direct Purchase Index Rate Period for the 2025E Subordinated Bonds thereafter may be changed from time to time as provided in the Subordinate Resolution. As hereinafter described, the 2025E Subordinated Bonds are subject to mandatory purchase on any Conversion Date.

Interest on the 2025E Subordinated Bonds is to be paid on: (i) with respect to Flexible Rate Bonds, each Mandatory Purchase Date applicable thereto; (ii) with respect to 2025E Subordinated Bonds in the Daily Mode, Weekly Mode, Direct Purchase Index Mode or Index Mode, the first Business Day of each month; (iii) with respect to 2025E Subordinated Bonds in a Term Rate Mode or Fixed Rate Mode, each [\_\_\_\_\_] and [\_\_\_\_\_] (beginning with the first such day specified (a) in the Sales Certificate in connection with the initial issuance of the 2025E Subordinated Bonds or (b) in writing by the District in connection with the Conversion Date to such Term Rate Mode or Fixed Rate Mode, as applicable); (iv) (without duplication as to any Interest Payment Date listed above) any Mandatory Purchase Date; (v) (without duplication as to any Interest Payment Date listed above) each Maturity Date; and (vi) with respect to any Liquidity Provider Bonds, as provided in the applicable Reimbursement Agreement or Liquidity Facility (each an “Interest Payment Date”).

The interest rate on the 2025E Subordinated Bonds shall be determined as follows:

Determination of Flexible Rates and Interest Periods During Flexible Mode. An Interest Period for the Flexible Rate Bonds shall be of such duration of from one to 270 calendar days, ending on either a day which immediately precedes a Business Day or the day immediately preceding the Maturity Date, as the Remarketing Agent shall determine in accordance with the provisions of this Section. A Flexible Rate Bond may have an Interest Period, and bear interest at a Flexible Rate, different than another Flexible Rate Bond. In making the determinations with respect to Interest Periods, subject to limitations imposed by the second preceding sentence and



in Section 106.04 of the Eighteenth Supplemental Resolution, on each Rate Determination Date for a Flexible Rate Bond, the Remarketing Agent shall select for such 2025E Subordinated Bond the Interest Period which would result in the Remarketing Agent being able to remarket such 2025E Subordinated Bond at par in the secondary market at the lowest average interest cost for all 2025E Subordinated Bonds; provided, however, that if the Remarketing Agent has received notice from the District that such 2025E Subordinated Bonds are to be changed from the Flexible Mode to any other Interest Rate Mode, the Remarketing Agent shall select Interest Periods which do not extend beyond the proposed Conversion Date.

Except while the 2025E Subordinated Bonds are registered in a Book-Entry System, in order to receive payment of the Purchase Price the Holder of any Flexible Rate Bond must present such Flexible Rate Bond to the Trustee, by 12:00 noon on the Rate Determination Date, in which case the Trustee shall pay the Purchase Price to such Holder by 3:00 p.m. on the same day.

By 1:00 p.m. on each Rate Determination Date, the Remarketing Agent, with respect to each Flexible Rate Bond which is subject to adjustment on such date, shall determine the Flexible Rate(s) for the Interest Periods then selected for such Flexible Rate Bond and shall give notice by Electronic Means to the Paying Agent and the District of the Interest Period, the Purchase Date(s) and the Flexible Rate(s). The Remarketing Agent shall make the Flexible Rate and Interest Period available after 2:00 p.m. on each Rate Determination Date by telephone or Electronic Means to the Trustee or any other Paying Agent without request, and to any Beneficial Owner or Notice Party requesting such information.

Determination of Interest Rates During the Daily Mode and the Weekly Mode. The interest rate for 2025E Subordinated Bonds in the Daily Mode or Weekly Mode shall be the rate of interest per annum determined by the Remarketing Agent on and as of the applicable Rate Determination Date as the minimum rate of interest which, in the opinion of the Remarketing Agent under then-existing market conditions, would result in the sale of such 2025E Subordinated Bonds in the Daily Rate Period or Weekly Rate Period, as applicable, at a price equal to the principal amount thereof, plus interest, if any, accrued through the Rate Determination Date during the then current Interest Accrual Period.

During the Daily Mode, the Remarketing Agent shall establish the Daily Rate by 10:00 a.m. on each Rate Determination Date. The Daily Rate for any day during the Daily Mode which is not a Business Day shall be the Daily Rate established on the immediately preceding Rate Determination Date. The Remarketing Agent shall make the Daily Rate available no less frequently than once per week by Electronic Means to each Notice Party requesting such rate.

During the Weekly Mode, the Remarketing Agent shall establish the Weekly Rate by 4:00 p.m. on each Rate Determination Date. The Weekly Rate shall be in effect during the applicable Weekly Rate Period. The Remarketing Agent shall make the Weekly Rate available after 5:00 p.m. on the Business Day following the Rate Determination Date by Electronic Means to each Notice Party requesting such rate.

Term Rates. The Term Rate shall be determined by the Remarketing Agent not later than 4:00 p.m. on the Rate Determination Date. The Term Rate shall be the minimum rate which, in



the sole judgment of the Remarketing Agent, would result in a sale of such 2025E Subordinated Bonds at a price equal to the principal amount thereof on the Rate Determination Date for the Interest Period selected by the District in writing delivered to the Remarketing Agent before such Rate Determination Date. No Interest Period in the Term Rate Mode may extend beyond the Maturity Date. The Remarketing Agent shall make the Term Rate available by telephone or Electronic Means after 5:00 p.m. on the Rate Determination Date to any Notice Party requesting such Term Rate. Upon request of any Notice Party, the Paying Agent shall give notice of such rate by Electronic Means.

Fixed Rates. The Remarketing Agent shall determine the Fixed Rate for 2025E Subordinated Bonds being converted to the Fixed Rate Mode in the manner and at the times as follows: not later than 4:00 p.m. on the applicable Rate Determination Date, the Remarketing Agent shall determine the Fixed Rate (or Fixed Rates, if such 2025E Subordinated Bonds will have Serial Maturity Dates in accordance with Section 106.11(b)(v) of the Eighteenth Supplemental Resolution). Except as set forth in Section 106.11(b)(v) of the Eighteenth Supplemental Resolution, the Fixed Rate shall be the minimum interest rate which, in the sole judgment of the Remarketing Agent, will result in a sale of such 2025E Subordinated Bonds at a price equal to the principal amount thereof on the Rate Determination Date. The Remarketing Agent shall make the Fixed Rate available by telephone or by Electronic Means after 5:00 p.m. on the Rate Determination Date to any Notice Party requesting such Fixed Rate. Upon request of any Notice Party, the Paying Agent shall give notice of such Fixed Rate by Electronic Means. Subject to Section 106.11(b)(v) of the Eighteenth Supplemental Resolution, the Fixed Rate so established shall remain in effect until the Maturity Date of such 2025E Subordinated Bonds.

Alternate Rates. The following provisions shall apply in the event (i) the Remarketing Agent fails or is unable to determine the interest rate or Interest Period for 2025E Subordinated Bonds (other than 2025E Subordinated Bonds in the Direct Purchase Index Mode, the Index Mode or the Term Rate Mode), (ii) the method by which the Remarketing Agent determines the interest rate or Interest Period with respect to 2025E Subordinated Bonds in any Interest Rate Mode other than the Direct Purchase Index Mode, the Index Mode or the Term Rate Mode shall be held to be unenforceable by a court of law of competent jurisdiction or (iii) other than with respect to 2025E Subordinated Bonds in the Direct Purchase Index Mode, the Index Mode or the Term Rate Mode, if the Remarketing Agent suspends its remarketing effort in accordance with the Remarketing Agreement. These provisions shall continue to apply until such time as the Remarketing Agent again makes such determinations. In the case of clause (ii) above, the Remarketing Agent shall again make such determination at such time as there is delivered to the Remarketing Agent and the District an opinion of Bond Counsel to the effect that there are no longer any legal prohibitions against such determinations. The following shall be the methods by which the interest rates and, in the case of the Flexible Rate Mode, the Interest Periods, shall be determined for 2025E Subordinated Bonds as to which any of the events described in clauses (i), (ii) or (iii) shall be applicable. Such methods shall be applicable from and after the date any of the events described in clauses (i), (ii) or (iii) first become applicable to such 2025E Subordinated Bonds until such time as the events described in clauses (i), (ii) or (iii) are no longer applicable to such 2025E Subordinated Bonds.

For Flexible Rate Bonds, the next Interest Period shall be from, and including, the first day following the last day of the current Interest Period for such Flexible Rate Bonds to, but



excluding, the next succeeding Business Day and thereafter shall commence on each Business Day and extend to, but exclude, the next succeeding Business Day. For each such Interest Period, the interest rate for such 2025E Subordinated Bonds shall be the applicable Alternate Rate in effect on the Business Day that begins an Interest Period.

For 2025E Subordinated Bonds in the Daily Mode or the Weekly Mode, such 2025E Subordinated Bonds shall bear interest during each subsequent Interest Period at the Alternate Rate in effect on the first day of such Interest Period.

Direct Purchase Index Rates.

(a) During each Direct Purchase Index Rate Period, the 2025E Subordinated Bonds shall, subject to subparagraph (b) below, bear interest at the Direct Purchase Index Rate. The Calculation Agent shall determine the Direct Purchase Index Rate on each Direct Purchase Index Rate Determination Date occurring during any Direct Purchase Index Rate Period. The Direct Purchase Index Rate shall be the sum of (i) the product of the Direct Purchase Index multiplied by the Applicable Factor, plus (ii) the Applicable Spread. Each Direct Purchase Index Rate shall be effective, and interest shall accrue on the 2025E Subordinated Bonds at such Direct Purchase Index Rate each day during the applicable Direct Purchase Index Rate Effective Period. On or before any Conversion Date upon which a Direct Purchase Index Rate Period will begin, the District shall designate the Direct Purchase Index to be in effect during such Direct Purchase Index Rate Period. The Applicable Factor and Applicable Spread for a Direct Purchase Index Rate Period shall be determined by the Market Agent such that the applicable Direct Purchase Index Rate shall be the interest rate per annum (based upon tax exempt obligations comparable, in the judgment of the Market Agent, to the 2025E Subordinated Bonds and known to the Market Agent to have been priced or traded under the prevailing market conditions) to be the minimum interest rate at which a Person will agree to purchase the 2025E Subordinated Bonds on the Conversion Date at a price (without regard to accrued interest) equal to the principal amount thereof. Unless otherwise specified in the Continuing Covenant Agreement applicable to a Direct Purchase Index Rate Period, the Direct Purchase Index Rate shall be rounded to the nearest fifth decimal place. Promptly following the determination of the Direct Purchase Index Rate, the Calculation Agent shall give notice thereof to the District, the Trustee and the Paying Agent. If the Direct Purchase Index Rate is not determined by the Calculation Agent on the Direct Purchase Index Rate Determination Date, the rate of interest born on such 2025E Subordinated Bonds bearing interest at a Direct Purchase Index Rate shall be the rate in effect on the immediately preceding Direct Purchase Index Rate Reset Date until the Calculation Agent next determines the Direct Purchase Index Rate as required hereunder.

(b) Adjustments to Direct Purchase Index Rates.

(i) Taxable Rate. Notwithstanding anything in the Subordinate Resolution to the contrary, including, without limitation, Section 108.02(b) thereof, but subject to Section 106.04(c) and Section 106.09(b)(ii) and (iii) thereof, from and after any Taxable Date, the interest rate on 2025E Subordinated Bonds in a Direct Purchase Index Mode shall be established at a rate at all times equal to the Taxable Rate.



(ii) Default Rate. Notwithstanding anything in the Subordinate Resolution to the contrary, including, without limitation, Section 108.02(b) thereof, but subject to Section 106.04(c) and Section 106.09(b)(iii) thereof, from and after the effective date of any “Event of Default” under and as defined in the Continuing Covenant Agreement or the Subordinate Master Resolution and during the continuance thereof, the interest rate for 2025E Subordinated Bonds in a Direct Purchase Index Mode shall be established at a rate at all times equal to the greater of (A) the Default Rate and (B) the interest rate that otherwise would be applicable to the 2025E Subordinated Bonds but for the provisions of this paragraph, payable on demand to the Bank. Interest shall accrue and be paid on both defaulted interest and defaulted principal.

(iii) Excess Interest. Notwithstanding anything in the Subordinate Resolution to the contrary, if during a Direct Purchase Index Mode the rate of interest on the 2025E Subordinated Bonds exceeds the Maximum Rate for such 2025E Subordinated Bonds, then (A) such 2025E Subordinated Bonds shall bear interest at the Maximum Rate and (B) interest on such 2025E Subordinated Bonds calculated at the rate equal to the difference between (1) the rate of interest for such 2025E Subordinated Bonds as otherwise calculated pursuant to the above provisions and (2) the Maximum Rate (the “Excess Interest”) shall be deferred until such date as the rate of interest borne by such 2025E Subordinated Bonds as otherwise calculated pursuant to the above provisions is below the Maximum Rate, at which time Excess Interest shall be payable with respect to such 2025E Subordinated Bonds. Payments of deferred Excess Interest shall no longer be due and payable upon the earlier to occur of the date on which such 2025E Subordinated Bonds are redeemed or tendered for purchase in accordance with the Eighteenth Supplemental Resolution and the redemption price or purchase price, as applicable, is paid in full or the principal of and interest on such 2025E Subordinated Bonds is otherwise paid in full.

(iv) Amortization Period. Notwithstanding anything in the Subordinate Resolution to the contrary, but subject to Section 106.04(c) and Section 106.09(b)(i), (ii) and (iii) thereof, during any Amortization Period, the 2025E Subordinated Bonds shall bear interest at the Bank Rate.

Index Rates. During each Index Rate Period, the 2025E Subordinated Bonds shall bear interest at the Index Rate. The Calculation Agent shall determine the Index Rate for each maturity of the 2025E Subordinated Bonds on each Index Rate Determination Date occurring during any Index Rate Period. The Index Rate for each maturity of the 2025E Subordinated Bonds shall be the sum of (i) the product of the Index multiplied by the Index Percentage, plus (ii) the Index Spread for such maturity of the 2025E Subordinated Bonds. Each Index Rate shall be effective, and interest shall accrue on the 2025E Subordinated Bonds at such Index Rate each day during the applicable Index Rate Effective Period. If the 2025E Subordinated Bonds are initially issued in the Index Mode, the District shall specify the Index, Index Percentage, Index Spreads and Call Protection Date for the Index Rate Period commencing on the date of issuance of the 2025E Subordinated Bonds and the length of the Index Rate Period commencing on the date of issuance of the 2025E Subordinated Bonds in the Sales Certificate. On or before any Conversion Date upon which an Index Rate Period will begin, the District shall specify the length of such Index Rate Period and designate the Index and Call Protection Date to be in effect



during such Index Rate Period and the Remarketing Agent shall determine the Index Percentage and Index Spread that would result in a sale of the 2025E Subordinated Bonds at a price (without regard to accrued interest) equal to principal amount thereof on the Conversion Date for such Index Rate Period. Each Index, Index Percentage and Index Spread shall be in effect through the last day of the applicable Index Rate Period and shall be applied by the Calculation Agent in determining the Index Rate on each Index Rate Determination Date during such Index Rate Period. All percentages resulting from the calculation of the Index Rate shall be rounded, if necessary, to the nearest ten-thousandth of a percentage point with five hundred thousandths of a percentage point rounded upward. All dollar amounts used in or resulting from the calculation of the Index Rate shall be rounded to the nearest cent with one-half cent being rounded upward. The Calculation Agent shall make each Index Rate available by telephone or Electronic Means after 5:00 p.m. on the applicable Index Rate Determination Date to any Notice Party requesting such Index Rate. Upon request of any Notice Party, the Paying Agent shall give notice of such rate by Electronic Means. If the Index Rate is not determined by the Calculation Agent on the applicable Index Rate Determination Date, the rate of interest born on such 2025E Subordinated Bonds bearing interest at an Index Rate shall be the rate in effect on the immediately preceding Index Rate Reset Date until the Calculation Agent next determines the Index Rate as required hereunder.

Optional Tenders of 2025E Subordinated Bonds in the Daily Mode or the Weekly Mode. Subject to Section 108.06, the Beneficial Owners of 2025E Subordinated Bonds in a Daily Mode or a Weekly Mode may elect to have their 2025E Subordinated Bonds (or portions of those 2025E Subordinated Bonds, provided that no 2025E Subordinated Bonds remain Outstanding in other than Authorized Denominations) purchased on any Business Day at a price equal to the Purchase Price, upon delivery of a Tender Notice to the Trustee by the Tender Notice Deadline. Immediately upon receipt of a Tender Notice, the Trustee shall notify the Remarketing Agent and provide the Remarketing Agent with a copy of such Tender Notice.

Mandatory Purchase on Mandatory Purchase Date; Amortization Period During Direct Purchase Index Mode. The 2025E Subordinated Bonds shall be subject to mandatory purchase on each Mandatory Purchase Date. The Trustee shall give notice of such mandatory purchase by mail to the Holders of the 2025E Subordinated Bonds subject to mandatory purchase no less than ten (10) days prior to the Mandatory Purchase Date described in clauses (iii), (iv), (v), (viii) and (x) of the definition of Mandatory Purchase Date and no less than 3 days prior to the Mandatory Purchase Date described in clauses (vi) and (vii) of the definition of Mandatory Purchase Date (provided that in the instance of a Mandatory Purchase Date resulting from clause (iii) of the definition of Bank Purchase Date, no such notice shall be required). No notice shall be given of the Mandatory Purchase Date at the end of each Interest Period for Flexible Rate Bonds. Any notice shall state the Mandatory Purchase Date, the Purchase Price, and that interest on 2025E Subordinated Bonds subject to mandatory purchase shall cease to accrue from and after the Mandatory Purchase Date. The failure to mail such notice with respect to any 2025E Subordinated Bond shall not affect the validity of the mandatory purchase of any other 2025E Subordinated Bond with respect to which notice was so mailed. Any notice mailed will be conclusively presumed to have been given, whether or not actually received by any Holder or Beneficial Owner. The Trustee shall also give a copy of such notice to the Rating Agencies.



The term “Mandatory Purchase Date” means: (i) with respect to a Flexible Rate Bond, the first Business Day following the last day of each Flexible Rate Period with respect to such Flexible Rate Bond, (ii) with respect to 2025E Subordinated Bonds in the Term Rate Mode, the first Business Day following the last day of each Term Rate Period applicable to such 2025E Subordinated Bonds, (iii) with respect to any 2025E Subordinated Bonds, any Conversion Date applicable to such 2025E Subordinated Bond (except for any Conversion Date in respect of a conversion from the Daily Mode to the Weekly Mode or from the Weekly Mode to the Daily Mode) or the date that otherwise would have been a Conversion Date had one of the conditions precedent to such Conversion Date specified in Section 106.11 not failed to occur (except for any such date in respect of a proposed conversion from the Daily Mode to the Weekly Mode or from the Weekly Mode to the Daily Mode), (iv) with respect to any 2025E Subordinated Bonds, any Substitution Date with respect to a Credit Enhancement or Liquidity Facility, (v) with respect to any 2025E Subordinated Bonds, the fifth Business Day prior to the Expiration Date with respect to a Credit Enhancement or Liquidity Facility supporting such 2025E Subordinated Bonds, (vi) with respect to any 2025E Subordinated Bonds, the date specified by the Trustee following the occurrence of an event under the Reimbursement Agreement or Liquidity Facility, which requires or gives the Credit Provider or Liquidity Provider the option to cause a mandatory tender of the 2025E Subordinated Bonds or terminate the Credit Enhancement or Liquidity Facility upon notice, which date shall be a Business Day not more than five Business Days after the Trustee’s receipt of written notice of such event from the Credit Provider or the Liquidity Provider and directing the Trustee to cause a mandatory tender of the 2025E Subordinated Bonds and in no event later than the Business Day preceding the termination date specified by the Credit Provider or the Liquidity Provider; (vii) with respect to any 2025E Subordinated Bonds, the date specified by the Trustee following receipt of written notice by the Trustee from the Credit Provider that the Credit Enhancement will not be reinstated following a drawing to pay interest on the 2025E Subordinated Bonds (other than interest on 2025E Subordinated Bonds no longer Outstanding after such drawing) and directing the Trustee to cause a mandatory tender of the 2025E Subordinated Bonds which date shall be a Business Day not more than five days after the Trustee’s receipt of such notice, (viii) with respect to 2025E Subordinated Bonds in the Daily Mode or Weekly Mode, any Business Day specified by the District with the consent of the Liquidity Provider, if any, not less than 20 days after the Trustee’s receipt of such notice and in no event later than the day preceding the Expiration Date of the Liquidity Facility, if any, then in effect with respect to such 2025E Subordinated Bonds, (ix) with respect to 2025E Subordinated Bonds in the Index Mode, the first Business Day following the last day of each Index Rate Period applicable to such 2025E Subordinated Bonds, and (x) with respect to 2025E Subordinated Bonds in the Direct Purchase Index Mode, each Bank Purchase Date; provided that, in the event that the Bank (acting in its sole and absolute discretion) for the then existing Direct Purchase Index Rate Period agrees in writing to a new Direct Purchase Index Rate Period, the provisions of this clause (x) shall apply and be interpreted by substituting the Bank Purchase Date for the new Direct Purchase Index Rate Period for the then-current Bank Purchase Date.

Notwithstanding the above paragraphs and anything to the contrary in the Eighteenth Supplemental Resolution, in the event the 2025E Subordinated Bonds in the Direct Purchase Index Mode are not purchased or remarketed on a Bank Purchase Date and the conditions precedent to any Amortization Period set forth in the Continuing Covenant Agreement, if any, are satisfied (and if no such conditions precedent are set forth in the Continuing Covenant



Agreement, then on the condition that no Event of Default under and as defined in the Continuing Covenant Agreement or the Subordinate Master Resolution has occurred and is continuing), then the 2025E Subordinated Bonds shall be subject to special mandatory redemption on the following terms: (i) the 2025E Subordinated Bonds shall bear interest at the Bank Rate, unless an Event of Default under and as defined in the Continuing Covenant Agreement or the Subordinate Master Resolution has occurred and is continuing), in which case the 2025E Subordinated Bonds shall bear interest at the Default Rate, (ii) interest on the 2025E Subordinated Bonds shall be payable on each Amortization Interest Payment Date, and (iii) the principal of the 2025E Subordinated Bonds shall be payable on each Amortization Principal Payment Date as provided in the Continuing Covenant Agreement. Notwithstanding anything herein to the contrary, during the Amortization Period, the 2025E Subordinated Bonds may be subject to redemption or purchase at the sole option of the District at any time without notice as and to the extent provided in the Continuing Covenant Agreement.

Optional Redemption of Flexible Rate Bonds. 2025E Subordinated Bonds in the Flexible Mode are not subject to optional redemption prior to their respective Purchase Dates. 2025E Subordinated Bonds in the Flexible Mode shall be subject to redemption at the option of the District in whole or in part on their respective Purchase Dates at a Redemption Price equal to the principal amount thereof.

Optional Redemption of 2025E Subordinated Bonds in the Daily Mode or the Weekly Mode. 2025E Subordinated Bonds in the Daily Mode or the Weekly Mode are subject to optional redemption by the District, in whole or in part (provided that no 2025E Subordinated Bonds shall remain Outstanding in other than Authorized Denominations) on any Business Day, at a Redemption Price equal to the principal amount thereof, plus accrued interest, if any, to the Redemption Date.

Optional Redemption of 2025E Subordinated Bonds in the Term Rate Mode, Index Mode or Fixed Rate Mode.

2025E Subordinated Bonds in the Term Rate Mode or the Index Mode shall be subject to redemption, in whole or in part (provided that no 2025E Subordinated Bonds shall remain Outstanding in other than Authorized Denominations), on any date on or after the Call Protection Date for each Term Rate Period or Index Rate Period applicable to the 2025E Subordinated Bonds in the Term Rate Mode or Index Mode, at the option of the District at a Redemption Price equal to the principal amount, or portions thereof, of the 2025E Subordinated Bonds to be redeemed, without premium, plus accrued interest, if any, to the Redemption Date.

2025E Subordinated Bonds in the Term Rate Mode or Fixed Rate Mode with a Term Rate Period or Fixed Rate Period of greater than or equal to ten years are subject to redemption in whole or in part on any date on or after the tenth anniversary of the commencement of the Term Rate Period or Fixed Rate Period (and if in part, in such order of maturity as the District shall specify and within a maturity by lot in any manner which the Trustee deems fair) at a Redemption Price equal to the principal amount, or portions thereof, of the 2025E Subordinated Bonds to be redeemed, without premium, plus accrued interest, if any, to the Redemption Date.



The District, in connection with a change to a Long-Term Mode, may waive or otherwise alter its rights to direct the redemption of any such 2025E Subordinated Bonds so changed to a Long-Term Mode; provided that notice describing the waiver or alteration shall be submitted to the Trustee, together with a Favorable Opinion of Bond Counsel, addressed to it.

Unless a Credit Provider Failure has occurred and is continuing, if a Credit Enhancement is then in effect and the Redemption Price includes any premium, the right of the District to direct an optional redemption of 2025E Subordinated Bonds in a Long-Term Mode is subject to the condition that the Trustee has received, prior to the date on which notice of redemption is required to be given to Owners, either Available Moneys or written confirmation from the Credit Provider that it can draw under the Credit Enhancement on the proposed redemption date in an aggregate amount sufficient to cover the principal of and premium and interest due on the Redemption Date.

Optional and Mandatory Redemption of 2025E Subordinated Bonds in the Direct Purchase Index Mode.

Subject to any limitations, conditions or requirements set forth in the applicable Continuing Covenant Agreement, 2025E Subordinated Bonds in the Direct Purchase Index Mode are subject to optional redemption by the District, in whole or in part (provided that no 2025E Subordinated Bonds shall remain Outstanding in other than Authorized Denominations) on any date, at a Redemption Price equal to the principal amount thereof, plus accrued interest, if any, to the Redemption Date.

2025E Subordinated Bonds in the Direct Purchase Index Mode are subject to mandatory redemption on the dates, in the amounts and in the manner set forth in the applicable Continuing Covenant Agreement, at a Redemption Price equal to the principal amount thereof, plus accrued interest, if any, to the Redemption Date.

Mandatory Sinking Fund Account Redemption of 2025E Subordinated Bonds. The 2025E Subordinated Bonds [maturing on [\_\_\_\_], 20[\_\_\_\_],] shall be subject to redemption prior to maturity from mandatory sinking fund account payments for such 2025E Subordinated Bonds on [\_\_\_\_] of each year on and after [\_\_\_\_], 20[\_\_\_\_], at a Redemption Price equal to the principal amount of such 2025E Subordinated Bonds, or portions thereof, to be redeemed, plus accrued interest, if any, to the Redemption Date, without premium. The following shall be the mandatory sinking fund account payments for the 2025E Subordinated Bonds [maturing on [\_\_\_\_], 20[\_\_\_\_]]. Such mandatory sinking fund account payments shall be due on [\_\_\_\_] of the years set forth in the following table in the respective amounts set forth opposite such years in said table:



Year	Amount	Year	Amount
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\* Payment at Maturity

Notice of Redemption. Notice of redemption shall be mailed by first-class mail by the Trustee, not less than twenty (20) days (ten (10) days in the case of 2025E Subordinated Bonds in the Daily Mode, Weekly Mode, Direct Purchase Index Mode or Flexible Mode) nor more than sixty (60) days prior to the redemption date, to the Holder of any 2025E Subordinated Bond called for redemption, but neither failure to receive such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the 2025E Subordinated Bonds; provided that no notice of redemption shall be required for mandatory redemptions of the 2025E Subordinated Bonds in the Direct Purchase Index Mode. Each notice of redemption shall state the redemption date, the place of redemption and the principal amount of the 2025E Subordinated Bonds to be redeemed, and shall also state that the interest on the 2025E Subordinated Bonds in such notice designated for redemption shall cease to accrue from and after such redemption date and that on said date there will become due and payable on each of said 2025E Subordinated Bonds the principal amount thereof to be redeemed, interest accrued thereon to the redemption date and the premium, if any, thereon (such premium to be specified). Each notice of optional redemption shall also state that redemption is conditioned upon receipt by the Trustee of sufficient funds on the redemption date to pay the Redemption Price of the 2025E Subordinated Bonds to be redeemed. Any notice of optional redemption may be rescinded by written notice given to the Trustee by the District no later than two Business Days prior to the date specified for redemption. Notwithstanding the foregoing, notice of redemption shall not be required for 2025E Subordinated Bonds redeemed on a Mandatory Purchase Date.

This 2025E Subordinated Bond is transferable by the registered owner hereof, in person or by the attorney of such owner duly authorized in writing, at the principal office of the Trustee but only in the manner, subject to the limitations and upon payment of the charges provided in the Subordinate Resolution, and upon surrender and cancellation of this 2025E Subordinated Bond. Upon such transfer a new fully registered Bond or Subordinated Bonds without coupons, of authorized denomination or denominations, for the same aggregate principal amount and maturity will be issued to the transferee in exchange herefor.



The District and the Trustee may deem and treat the registered owner hereof as the absolute owner hereof for all purposes, and the District and the Trustee shall not be affected by any notice to the contrary.

To the extent this 2025E Subordinated Bond constitutes a Liquidity Facility Bond, the terms and conditions of the Eighteenth Supplemental Resolution with respect to Liquidity Facility Bonds shall control this 2025E Subordinated Bond.

The rights and obligations of the District and of the holders and registered owners of the Subordinated Bonds may be modified or amended at any time in the manner, to the extent, and upon the terms provided in the Subordinate Resolution, provided that no such modification or amendment shall (i) extend the fixed maturity of any Subordinated Bond, or reduce the principal amount thereof, or reduce the rate or extend the time of payment of interest thereon, or reduce the amount of any premium payable upon the redemption thereof, without the consent of the holder of each Subordinated Bond so affected, or (ii) reduce the percentage of Subordinated Bonds required for the affirmative vote or written consent to an amendment or modification, without the consent of the holders of all the Subordinated Bonds then outstanding, or (iii) without its written consent thereto, modify any of the rights or obligations of the Trustee.

It is hereby certified and recited that any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the incurring of the indebtedness evidenced by this 2025E Subordinated Bond, and in the issuing of this 2025E Subordinated Bond, do exist, have happened and have been performed in due time, form and manner, as required by the Constitution and statutes of the State of California, and that this 2025E Subordinated Bond, together with all other indebtedness of the District pertaining to the Electric System, is within every debt and other limit prescribed by the Constitution and the statutes of the State of California, and is not in excess of the amount of Subordinated Bonds permitted to be issued under the Subordinate Resolution.

This 2025E Subordinated Bond shall not be entitled to any benefit under the Subordinate Resolution, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been signed by the Trustee. To the extent of any conflict or inconsistency between any provisions contained in this 2025E Subordinated Bond and the Subordinate Resolution, the provisions of the Subordinate Resolution shall control.



IN WITNESS WHEREOF, SACRAMENTO MUNICIPAL UTILITY DISTRICT has caused this 2025E Subordinated Bond to be executed in its name and on its behalf by the facsimile signature of its President of its Board of Directors and by the facsimile signature of its Treasurer and countersigned by the facsimile signature of its Secretary, and the seal of the District to be reproduced hereon, by facsimile and this 2025E Subordinated Bond to be dated as of the date first written above.

SACRAMENTO MUNICIPAL UTILITY  
DISTRICT

By \_\_\_\_\_  
President of the Board of Directors

By \_\_\_\_\_  
Treasurer of the District

(SEAL)

Countersigned:

\_\_\_\_\_  
Secretary of the District



CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is one of the Subordinated Bonds described in the within-mentioned Subordinate Resolution and registered on the date set forth below.

Dated: \_\_\_\_\_, 2025

U.S. BANK TRUST COMPANY, NATIONAL  
ASSOCIATION,  
as Trustee

By \_\_\_\_\_  
Authorized Officer



## ASSIGNMENT

For value received \_\_\_\_\_ hereby sell, assign and transfer unto \_\_\_\_\_ whose taxpayer identification number is \_\_\_\_\_ the within-mentioned Bond and hereby irrevocably constitute and appoint \_\_\_\_\_ attorney, to transfer the same on the books of the District at the office of the Trustee, with full power of substitution in the premises.

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NOTE: The signature to this Assignment must correspond with the name on the face of the within Registered Bond in every particular, without alteration or enlargement or any change whatsoever.

Dated:

Signature Guaranteed by:

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NOTE: Signature must be guaranteed by an eligible guarantor institution



## EXHIBIT B

### FORM OF REVOLVING NOTE

#### SACRAMENTO MUNICIPAL UTILITY DISTRICT SUBORDINATED ELECTRIC REVENUE BONDS 2025 SERIES E

[Delivery Date] \$ \_\_\_\_\_

The Sacramento Municipal Utility District (the “District”), for value received, hereby promises to pay to the order of [Bank] (the “Bank”), pursuant to that certain \_\_\_\_\_ dated as of \_\_\_\_\_ (the “Agreement”), between the District and the Bank, at the office of the Bank at \_\_\_\_\_, the aggregate unpaid principal amount of all Reimbursement Obligations (as defined in the Agreement) pursuant to the Agreement on the dates and in the amounts provided for in the Agreement.

The District promises to pay interest on the unpaid principal amount of all Reimbursement Obligations owed to the Bank under the Agreement on the dates and at the rate or rates provided for in the Agreement. All payments of principal and interest shall be made in any coin or currency of the United States of America which at the time of payment is legal tender for public and private debts in immediately available funds. All capitalized terms used herein and not otherwise defined herein shall have the meanings specified in the Agreement.

This Revolving Note is a Revolving Note as referred to in Section 110.12 of Resolution No. 01-06-10 of the District adopted June 21, 2001, amending and restating Resolution No. 85-11-1 of the District adopted November 7, 1985, as amended and supplemented, including as supplemented by Resolution No. \_\_\_\_\_ of the District adopted May 15, 2025 (the “Eighteenth Supplemental Resolution”) (collectively, the “Subordinate Master Resolution”). This Revolving Note evidences the Reimbursement Obligations owed to the Bank by the District pursuant to the Agreement which have been designated by the District as, and constitute, Parity Subordinated Debt under and as defined in the Subordinate Master Resolution and, as such Parity Subordinated Debt, is entitled to the benefits afforded Parity Subordinated Debt and the holders thereof pursuant to the Subordinate Master Resolution and is secured by a lien on the Net Subordinated Revenues as more fully set forth in and subject to the terms of the Subordinate Master Resolution. As provided in the Agreement, the Reimbursement Obligations and this Revolving Note are subject to prepayment, in whole or in part, in accordance with the terms of the Agreement.

The Bank agrees, by acceptance of this Revolving Note, that it will make a notation on the schedule attached hereto of all Reimbursement Obligations evidenced hereby and all principal payments and prepayments made hereunder and of the date to which interest hereon has been paid, all as provided in the Agreement; *provided, however*, that the failure to make any such notation or any error in such notation shall not limit or otherwise affect the obligation of the District hereunder with respect to payments of principal of and interest on this Revolving Note.



This Revolving Note is authorized by the District to be issued to provide for the payment of the principal of and interest on the unpaid principal amount of all Reimbursement Obligations owed to the Bank under the Agreement on the dates and at the rate or rates provided for in the Agreement. This Revolving Note is issued under and pursuant to and in full compliance with the Subordinate Master Resolution and the Eighteenth Supplemental Resolution.

It is hereby certified that all conditions, acts and things essential to the validity of this Revolving Note exist, have happened and have been done and that every requirement of law affecting the issuance hereof has been duly complied with.

IN WITNESS WHEREOF, SMUD, has caused this Revolving Note to be executed by an authorized officer of SMUD and this Revolving Note to be dated as of date set forth above.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



**SCHEDULE FOR REVOLVING NOTE**  
**DATED \_\_\_\_\_**  
**BY SACRAMENTO MUNICIPAL UTILITY DISTRICT**  
**PAYABLE TO [BANK]**

<u>Date</u>	<u>Amount of Drawing or Advance Made</u>	<u>Amount of Principal Paid</u>	<u>Date to Which Interest Paid</u>	<u>Due Date</u>	<u>Notation Made by</u>
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SACRAMENTO MUNICIPAL UTILITY DISTRICT

RESOLUTION NO. 25-05-12

NINETEENTH SUPPLEMENTAL RESOLUTION

AUTHORIZING THE ISSUANCE OF

SUBORDINATED ELECTRIC REVENUE BONDS,  
2025 SERIES F

Adopted: May 15, 2025

(Supplemental to Resolution No. 85-11-1 adopted November 7, 1985  
as amended and restated by Resolution No. 01-06-10 adopted June 21, 2001)



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RESOLUTION NO. 25-05-12

Nineteenth Supplemental Resolution  
(Supplemental to Resolution No. 85-11-1 Adopted November 7, 1985,  
as amended and restated by Resolution No. 01-06-10 Adopted June 21, 2001)

Subordinated Electric Revenue Bonds,  
2025 Series F

WHEREAS, the Board of Directors (the “Board”) of the Sacramento Municipal Utility District (the “District”), on November 7, 1985, adopted its Resolution No. 85-11-1 which was amended and restated by Resolution No. 01-06-10, adopted on June 21, 2001, providing for the issuance of the District’s Subordinated Electric Revenue Bonds (as supplemented and amended, herein called the “Subordinate Master Resolution”);

WHEREAS, the Subordinate Master Resolution provides that the District may issue bonds from time to time as the issuance thereof is authorized by the Board by a supplemental resolution;

WHEREAS, revenue bonds may be issued pursuant to the provisions of the Subordinate Master Resolution and the Act (as defined in the Subordinate Master Resolution); and

WHEREAS, the District previously authorized the issuance of its Subordinated Electric Revenue Bonds, 2023 Series E and its Subordinated Electric Revenue Refunding Bonds, 2023 Series F pursuant to the Subordinate Master Resolution but such bonds were not issued; and

WHEREAS, the District has determined to issue its Subordinated Electric Revenue Bonds, 2025 Series F (the “2025F Subordinated Bonds”), in the aggregate principal amount determined as set forth in Section 112.02 to (i) finance and refinance improvements and additions to the District’s Electric System, including through the payment of all or a portion of the District’s outstanding commercial paper notes (to the extent set forth in the Sales Certificate), (ii) refund certain series of the District’s Electric Revenue Bonds and/or Subordinated Electric Revenue Bonds (to the extent set forth, and to be identified, in the Sales Certificate) (the “Refunded Bonds”), and (iii) pay costs of issuance (to the extent set forth in the Sales Certificate);

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Sacramento Municipal Utility District, as follows:

**ARTICLE CXI**

**AUTHORITY AND DEFINITIONS**

**Section 111.01. Supplemental Resolution.** This Nineteenth Supplemental Resolution is supplemental to the Subordinate Master Resolution.



## **Section 111.02. Definitions; Prevailing Time.**

(1) Except as provided by this Nineteenth Supplemental Resolution, all terms which are defined in Section 1.03 of the Subordinate Master Resolution shall have the same meanings in this Nineteenth Supplemental Resolution as such terms are given in said Section 1.03. Unless otherwise provided herein, all references to a particular time are to New York City time. In the event of a conflict between the meanings given in said Section 1.03 and the meanings given in this Section, the meanings given in this Section shall prevail.

(2) In this Nineteenth Supplemental Resolution:

**Alternate Credit Enhancement** shall mean a letter of credit, insurance policy, line of credit, surety bond, standby purchase agreement or other security instrument issued in accordance with the terms hereof as a replacement or substitute for any Credit Enhancement then in effect and providing for or supporting the payment of the principal of and interest on the 2025F Subordinated Bonds.

**Alternate Liquidity Facility** shall mean a letter of credit, line of credit, standby bond purchase agreement or other liquidity instrument issued in accordance with the terms hereof as a replacement or substitute for any Liquidity Facility then in effect and providing for the payment of the Purchase Price of Tendered Bonds.

**Alternate Rate** shall mean, on any Rate Determination Date, for any Interest Rate Mode other than a Direct Purchase Index Mode, an Index Mode or a Term Rate Mode, a rate per annum equal to 110% of (a) the SIFMA Municipal Swap Index of Municipal Market Data most recently available as of the date of determination, or (b) if such index is no longer available, or if the SIFMA Municipal Swap Index is no longer published, the S&P Municipal Bond 7 Day High Grade Rate Index, or if neither the SIFMA Municipal Swap Index nor the S&P Municipal Bond 7 Day High Grade Rate Index is published, the index determined to equal the prevailing rate determined by the Remarketing Agent for tax-exempt state and local government bonds meeting criteria determined in good faith by the Remarketing Agent to be comparable under the circumstances to the criteria used by the Securities Industry and Financial Markets Association to determine the SIFMA Municipal Swap Index just prior to when the Securities and Financial Markets Association stopped publishing the SIFMA Municipal Swap Index. The Trustee shall make the determinations required by this definition, upon notification from the District, if there is no Remarketing Agent, if the Remarketing Agent fails to make any such determination or if the Remarketing Agent has suspended its remarketing efforts in accordance with the Remarketing Agreement.

**Amortization End Date** shall have the meaning set forth in the applicable Continuing Covenant Agreement.

**Amortization Interest Payment Date** shall have the meaning set forth in the applicable Continuing Covenant Agreement.

**Amortization Period** shall mean, in the event the 2025F Subordinated Bonds are not purchased or remarketed on any Bank Purchase Date and the other conditions set forth in



Section 114.02(b) are satisfied, the period commencing on the Bank Purchase Date and ending on the Amortization End Date.

**Amortization Principal Payment Date** shall have the meaning set forth in the applicable Continuing Covenant Agreement.

**Applicable Factor** shall mean, upon any Conversion to a Direct Purchase Index Rate Period, the percentage of the Direct Purchase Index designated in writing by the District as the Applicable Factor for such Direct Purchase Index Rate Period pursuant to Section 112.09(a); provided, however, that the Applicable Factor shall never be less than 65% unless a Favorable Opinion of Bond Counsel is delivered in connection with the Conversion to such Direct Purchase Index Rate Period.

**Applicable Spread** shall mean, with respect to any Direct Purchase Index Rate Period, the number of basis points determined by the Market Agent on or before the first day of such Direct Purchase Index Rate Period and designated by the District in accordance with Section 112.09(a) (which may include a schedule for the Applicable Spread based upon the ratings assigned to any indebtedness of the District) that, when added to the product of the Direct Purchase Index multiplied by the Applicable Factor, would equal the minimum interest rate per annum that would enable the 2025F Subordinated Bonds to be sold on such date at a price equal to the principal amount thereof (without regard to accrued interest, if any, thereon).

**Authorized Denominations** shall mean (i) with respect to 2025F Subordinated Bonds in a Daily Mode or Weekly Mode, \$100,000 and any integral multiple of \$5,000 in excess thereof; (ii) with respect to 2025F Subordinated Bonds in a Flexible Mode, \$100,000 and any integral multiple of \$1,000 in excess thereof; (iii) with respect to 2025F Subordinated Bonds in a Direct Purchase Index Mode or Index Mode, \$100,000 and any integral multiple of \$5,000 in excess thereof; and (iv) with respect to 2025F Subordinated Bonds in a Term Rate Mode or a Fixed Rate Mode, \$5,000 and any integral multiple thereof.

**Available Amount** shall mean the amount available under a Credit Enhancement or Liquidity Facility, as applicable, to pay the principal of and interest on the 2025F Subordinated Bonds or the Purchase Price of the 2025F Subordinated Bonds, as applicable.

**Available Moneys** shall mean (a) if a Credit Enhancement is in effect, (i) moneys drawn under the Credit Enhancement which at all times since their receipt by the Trustee were held in a separate segregated account or accounts or subaccount or subaccounts in which no moneys (other than those drawn under the Credit Enhancement) were at any time held, (ii) moneys which have been paid to the Trustee and have been on deposit with the Trustee for at least 124 days (or, if paid to the Trustee by an “affiliate,” as defined in Bankruptcy Code §101(2), of the District, 366 days) during and prior to which no Event of Bankruptcy shall have occurred, (iii) any other moneys, if, in the opinion of nationally recognized counsel experienced in bankruptcy matters (which opinion shall be acceptable to each Rating Agency then rating the 2025F Subordinated Bonds), the application of such moneys will not constitute a voidable preference in the event of the occurrence of an Event of Bankruptcy, and (iv) investment earnings on any of the moneys described in clauses (i), (ii) and (iii) of this definition; and (b) if a



Credit Enhancement is not in effect, “Available Moneys” means any moneys deposited with the Trustee.

**Bank** shall mean, while the 2025F Subordinated Bonds are in a Direct Purchase Index Mode, the Holder of the 2025F Subordinated Bonds, provided that there is a single Holder of all of the 2025F Subordinated Bonds and provided further that the 2025F Subordinated Bonds are not then held under the book-entry system of a Securities Depository. If there is more than one Holder of the 2025F Subordinated Bonds while the 2025F Subordinated Bonds are in a Direct Purchase Index Mode, “Bank” means Holders owning a majority of the aggregate principal amount of the 2025F Subordinated Bonds then Outstanding. If the 2025F Subordinated Bonds are held under the book-entry system of a Securities Depository during any Direct Purchase Index Mode, “Bank” means the Beneficial Owner of the 2025F Subordinated Bonds, provided that there is a single Beneficial Owner of all of the 2025F Subordinated Bonds. If there is more than one Beneficial Owner of the 2025F Subordinated Bonds while the 2025F Subordinated Bonds are in a Direct Purchase Index Mode, “Bank” means Beneficial Owners who are the beneficial owners of a majority of the aggregate principal amount of the 2025F Subordinated Bonds then Outstanding.

**Bank Purchase Date** shall mean, during any Direct Purchase Index Rate Period, (i) the date designated by the District pursuant to Section 112.11(a) and (ii) the date which is five Business Days after the date on which the Trustee receives written notice from the Bank under a Continuing Covenant Agreement which (x) advises the Trustee of the occurrence and continuance of an “Event of Default” under and as defined in such Continuing Covenant Agreement and (y) directs the Trustee to cause a mandatory tender for purchase of the 2025F Subordinated Bonds by reason of such “Event of Default.”

**Bank Rate** shall have the meaning set forth in the applicable Continuing Covenant Agreement.

**Bankruptcy Code** means Title 11 of the United States Code, as amended, and any successor statute.

**Beneficial Owner** shall mean, so long as the 2025F Subordinated Bonds are held in the Book-Entry System, any Person who acquires a beneficial ownership interest in a 2025F Subordinated Bond held by the Securities Depository. If at any time the 2025F Subordinated Bonds are not held in the Book-Entry System, Beneficial Owner shall mean Holder for purposes of the Subordinate Master Resolution.

**Bond Counsel** shall mean any firm of nationally recognized municipal bond attorneys selected by the District and experienced in the issuance of municipal bonds and matters relating to the exclusion of the interest thereon from gross income for federal income tax purposes.

**Book-Entry System** shall mean the system maintained by the Securities Depository.

**Business Day** shall mean any day other than (i) a Saturday or Sunday or (ii) a day on which banks located in (a) the State of California or the State of New York, (b) the city or



cities in which the principal office of the Trustee, the Paying Agent, the Remarketing Agent, if any, the Bank, if any, or the Calculation Agent, if any, are located, or (c) the city or cities in which the office of the Credit Provider or Liquidity Provider at which it will pay draws or advances is located, are required or authorized to remain closed, (iii) a day on which The New York Stock Exchange or Federal Reserve Bank is closed or (iv) a day on which the principal offices of the Credit Provider or Liquidity Provider are closed.

**Calculation Agent** shall mean, (i) during any Direct Purchase Index Rate Period, the Bank or any other party appointed by the District with the consent of the Bank so long as the Bank owns a majority in aggregate principal amount of the 2025F Subordinated Bonds and (ii) during any Index Rate Period, the Trustee or any other party appointed by the District to act as calculation agent for the 2025F Subordinated Bonds.

**Call Protection Date** shall mean (i) with respect to the initial issuance of the 2025F Subordinated Bonds, if applicable, the date specified in the Sales Certificate as the Call Protection Date and (ii) with respect to any conversion to a Term Rate Period or Index Rate Period, the date specified by the District in writing as the Call Protection Date for such Term Rate Period or Index Rate Period on or before the first day of such Term Rate Period or Index Rate Period.

**Code** shall mean the Internal Revenue Code of 1986, as amended.

**Continuing Covenant Agreement** shall mean, during any Direct Purchase Index Rate Period, any agreement between the District and the Bank which may be designated as the Continuing Covenant Agreement.

**Conversion Date** shall mean, with respect to the 2025F Subordinated Bonds in a particular Interest Rate Mode, the day on which another Interest Rate Mode for the 2025F Subordinated Bonds begins, with respect to the 2025F Subordinated Bonds in a Term Rate Mode, the day on which a new Term Rate Period begins, with respect to 2025F Subordinated Bonds in a Direct Purchase Index Mode, the day on which a new Direct Purchase Index Rate Period begins, and with respect to 2025F Subordinated Bonds in an Index Mode, the day on which a new Index Rate Period begins.

**Conversion Notice** shall mean the notice from the District to the other Notice Parties pursuant to Section 112.11(a)(i).

**Credit Enhancement** shall mean, with respect to the 2025F Subordinated Bonds, a letter of credit, insurance policy, line of credit, surety bond, standby purchase agreement or other security instrument issued in accordance with the terms hereof and then in effect and providing for or supporting the payment of the principal of and interest on the 2025F Subordinated Bonds and, upon replacement of any such Credit Enhancement with an Alternate Credit Enhancement, the Alternate Credit Enhancement then in effect.

**Credit Provider** shall mean, with respect to the 2025F Subordinated Bonds, any bank, insurance company, pension fund or other financial institution which provides the Credit Enhancement, if any, then in effect for the 2025F Subordinated Bonds.



**Credit Provider Failure or Liquidity Provider Failure** shall mean a failure of a Credit Provider or Liquidity Provider, as applicable, to pay a properly presented and strictly conforming draw or request for advance under a Credit Enhancement or Liquidity Facility, as applicable, or the filing or commencement of any bankruptcy or insolvency proceedings by or against a Credit Provider or Liquidity Provider, as applicable, or a Credit Provider or Liquidity Provider, as applicable, shall declare a moratorium on the payment of its unsecured debt obligations or shall repudiate a Credit Enhancement or Liquidity Facility, as applicable.

**Current Mode** shall have the meaning specified in Section 112.11(a).

**Daily Mode** shall mean the Interest Rate Mode during which the 2025F Subordinated Bonds bear interest at the Daily Rate.

**Daily Rate** shall mean the per annum interest rate on any 2025F Subordinated Bond in the Daily Mode determined pursuant to Section 112.06(a).

**Daily Rate Period** shall mean the period during which a 2025F Subordinated Bond in the Daily Mode shall bear a Daily Rate, which shall be from the Business Day upon which a Daily Rate is set to but not including the next succeeding Business Day.

**Default Rate** shall have the meaning assigned to such term in the Continuing Covenant Agreement.

**Delayed Remarketing Period** shall have the meaning specified in Section 114.10(b) hereof.

**Determination of Taxability** shall have the meaning assigned to such term in the Continuing Covenant Agreement.

**Direct Purchase Index** shall mean (i) the SIFMA Index or (ii) any other index chosen by the District in consultation with the Market Agent.

**Direct Purchase Index Mode** shall mean the Interest Rate Mode during which the 2025F Subordinated Bonds bear interest at a Direct Purchase Index Rate.

**Direct Purchase Index Rate** shall mean the per annum interest rate on any 2025F Subordinated Bond in the Direct Purchase Index Mode determined in accordance with Section 112.09, being the Direct Purchase Index Rate, the Taxable Rate, the Default Rate or the Bank Rate, as applicable.

**Direct Purchase Index Rate Determination Date** shall mean (i) with respect to the SIFMA Index, Wednesday of each week, or if any Wednesday is not a Business Day, the next succeeding Business Day and (ii) with respect to any other Direct Purchase Index, the date or dates specified by the District in writing on or before the first day of any Direct Purchase Index Rate Period for which such Direct Purchase Index will be in effect.

**Direct Purchase Index Rate Effective Period** shall mean, during any Direct Purchase Index Rate Period, the period from and including the first day of such Direct Purchase



Index Rate Period to but excluding the next succeeding Direct Purchase Index Rate Reset Date and, thereafter, means each Direct Purchase Index Rate Reset Date to but excluding the next succeeding Direct Purchase Index Rate Reset Date.

**Direct Purchase Index Rate Period** shall mean the period from (and including) the date on which the 2025F Subordinated Bonds begin to bear interest in the Direct Purchase Index Mode to (but excluding) the earliest to occur of (i) the immediately succeeding Bank Purchase Date, (ii) the immediately succeeding Conversion Date, (iii) the date on which all of the 2025F Subordinated Bonds have been redeemed or defeased in full and (iv) the Maturity Date.

**Direct Purchase Index Rate Reset Date** shall mean (i) with respect to the SIFMA Index, Thursday of each week and (ii) with respect to any other Direct Purchase Index, the date or dates specified by the District in writing on or before the first day of any Direct Purchase Index Rate Period for which such Direct Purchase Index will be in effect.

**District Purchase Account** shall mean the account by that name in the Purchase Fund created in Section 114.09.

**Electronic Means** shall mean telecopy, facsimile transmission, e-mail transmission or other similar electronic means of communication providing evidence of transmission, including a telephonic communication confirmed by any other method set forth in this definition.

**Eligible Account** shall mean an account that is either (a) maintained with a federal or state-chartered depository institution or trust company that has a Standard & Poor's short-term debt rating of at least 'A-2' (or, if no short-term debt rating, a long-term debt rating of 'BBB+'); or (b) maintained with the corporate trust department of a federal depository institution or state-chartered depository institution subject to regulations regarding fiduciary funds on deposit similar to Title 12 of the U.S. Code of Federal Regulation Section 9.10(b), which, in either case, has corporate trust powers and is acting in its fiduciary capacity. In the event that a fund or account required to be an "Eligible Account" no longer complies with the requirements listed above, the Trustee shall promptly (and, in any case, within not more than 30 calendar days) move such fund or account to another financial institution such that the Eligible Account requirements stated above will again be satisfied.

**Event of Bankruptcy** shall mean any of the following events:

(i) the District (or any other Person obligated, as guarantor or otherwise, to make payments on the 2025F Subordinated Bonds, or an "affiliate" of the District as defined in Bankruptcy Code § 101(2)) shall (a) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee, liquidator or the like of the District (or such other Person) or of all or any substantial part of their respective property, (b) commence a voluntary case under the Bankruptcy Code, or (c) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts; or



(ii) a proceeding or case shall be commenced, without the application or consent of the District (or any other Person obligated, as guarantor or otherwise, to make payments on the 2025F Subordinated Bonds, or an “affiliate” of the District as defined in Bankruptcy Code § 101(2)) in any court of competent jurisdiction, seeking (a) the liquidation, reorganization, dissolution, winding-up, or composition or adjustment of debts, of the District (or any such other Person), (b) the appointment of a trustee, receiver, custodian, liquidator or the like of the District (or any such other Person) or of all or any substantial part of their respective property, or (c) similar relief in respect of the District (or any such other Person) under any law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts.

**Event of Taxability** shall have the meaning assigned to such term in the Continuing Covenant Agreement.

**Expiration Date** shall mean the stated expiration date of a Credit Enhancement or a Liquidity Facility, as it may be extended from time to time as provided in the Credit Enhancement or the Liquidity Facility, or any earlier date on which a Credit Enhancement or a Liquidity Facility shall terminate at the direction of the District.

**Favorable Opinion of Bond Counsel** shall mean, with respect to any action the occurrence of which requires such an opinion, an Opinion of Counsel, which shall be a Bond Counsel, to the effect that such action is permitted under the Subordinate Master Resolution and will not, in and of itself, cause interest on the 2025F Subordinated Bonds to be included in gross income for purposes of federal income taxation.

**Fitch** shall mean Fitch, Inc., and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency selected by the District after consultation with the Remarketing Agent.

**Fixed Rate** shall mean the per annum interest rate on any 2025F Subordinated Bond in the Fixed Rate Mode determined pursuant to Section 112.07(b).

**Fixed Rate Bond** shall mean a 2025F Subordinated Bond in the Fixed Rate Mode.

**Fixed Rate Mode** shall mean the Interest Rate Mode during which the 2025F Subordinated Bonds bear interest at the Fixed Rate.

**Fixed Rate Period** shall mean the period from the Conversion Date upon which the 2025F Subordinated Bonds were converted to the Fixed Rate Mode to but not including the Maturity Date for the 2025F Subordinated Bonds.

**Flexible Mode** shall mean the Interest Rate Mode during which the 2025F Subordinated Bonds bear interest at Flexible Rates.



**Flexible Rate** shall mean the per annum interest rate on a Flexible Rate Bond determined for such Flexible Rate Bond pursuant to Section 112.05. The Flexible Rate Bonds may bear interest at different Flexible Rates.

**Flexible Rate Bond** shall mean a 2025F Subordinated Bond in the Flexible Mode.

**Flexible Rate Period** shall mean the period of from one to 270 calendar days (which period must end on either a day which immediately precedes a Business Day or the day immediately preceding the Maturity Date) during which a Flexible Rate Bond shall bear interest at a Flexible Rate, as established by the Remarketing Agent pursuant to Section 112.05. The Flexible Rate Bonds may be in different Flexible Rate Periods.

**Index** shall mean (i) the SIFMA Index or (ii) any other index chosen by the District in consultation with the Remarketing Agent.

**Index Mode** shall mean the Interest Rate Mode during which the 2025F Subordinated Bonds bear interest at an Index Rate.

**Index Rate** shall mean the per annum interest rate on any 2025F Subordinated Bond in the Index Mode determined in accordance with Section 112.10.

**Index Rate Determination Date** shall mean (i) with respect to the SIFMA Index, Wednesday of each week, or if any Wednesday is not a Business Day, the next succeeding Business Day and (ii) with respect to any other Index, the date or dates specified by the District in writing on or before the first day of any Index Rate Period for which such Index will be in effect.

**Index Rate Effective Period** shall mean, during any Index Rate Period, the period from and including the first day of such Index Rate Period through and including the day immediately preceding the next succeeding Index Rate Reset Date and, thereafter, means each Index Rate Reset Date through and including the day immediately preceding the next succeeding Index Rate Reset Date.

**Index Rate Period** shall mean the period from (and including) the date on which the 2025F Subordinated Bonds begin to bear interest in the Index Mode to (but excluding) the earliest to occur of (i) the Business Day immediately succeeding the last day thereof, (ii) the immediately succeeding Conversion Date, (iii) the date on which all of the 2025F Subordinated Bonds have been redeemed or defeased in full and (iv) the final Maturity Date.

**Index Rate Reset Date** shall mean (i) with respect to the SIFMA Index, Thursday of each week and (ii) with respect to any other Index, the date or dates specified by the District in writing on or before the first day of any Index Rate Period for which such Index will be in effect.

**Index Percentage** shall mean, upon any conversion to an Index Rate Period, the percentage of the Index determined by the Remarketing Agent in accordance with Section 112.10; provided, however, that the Index Percentage shall never be less than 65% unless a



Favorable Opinion of Bond Counsel is delivered on or before the determination of the Index Percentage by the Remarketing Agent.

**Index Spread** shall mean, upon any conversion to an Index Rate Period, the fixed per annum rate determined by the Remarketing Agent in accordance with Section 112.10.

**Interest Accrual Period** shall mean the period during which a 2025F Subordinated Bond accrues interest payable on the next Interest Payment Date applicable thereto. Each Interest Accrual Period for 2025F Subordinated Bonds shall be the period commencing on (and including) the last Interest Payment Date to which interest has been paid (or, if no interest has been paid in such Interest Rate Mode, commencing on (and including) the date of original authentication and delivery of the 2025F Subordinated Bonds, or the Conversion Date, as the case may be) to (and excluding) the Interest Payment Date on which interest is to be paid. If, at the time of authentication of any 2025F Subordinated Bond, interest is in default or overdue on the 2025F Subordinated Bonds, such 2025F Subordinated Bond shall bear interest from the date to which interest has previously been paid in full or made available for payment in full on Outstanding 2025F Subordinated Bonds.

**Interest Payment Date** shall mean each date on which interest is to be paid and is: (i) with respect to Flexible Rate Bonds, each Mandatory Purchase Date applicable thereto; (ii) with respect to 2025F Subordinated Bonds in the Daily Mode, Weekly Mode, Direct Purchase Index Mode or Index Mode, the first Business Day of each month; (iii) with respect to 2025F Subordinated Bonds in a Term Rate Mode or Fixed Rate Mode, each February 15 and August 15 (or such other semi-annual interest payment dates specified in the Sales Certificate in connection with the initial issuance of the 2025F Subordinated Bonds, and beginning with the first such day specified (a) in the Sales Certificate in connection with the initial issuance of the 2025F Subordinated Bonds or (b) in writing by the District in connection with the Conversion Date to such Term Rate Mode or Fixed Rate Mode, as applicable); (iv) (without duplication as to any Interest Payment Date listed above) any Mandatory Purchase Date; (v) (without duplication as to any Interest Payment Date listed above) each Maturity Date; and (vi) with respect to any Liquidity Provider Bonds, as provided in the applicable Reimbursement Agreement or Liquidity Facility.

**Interest Period** shall mean, for 2025F Subordinated Bonds in a particular Interest Rate Mode, the period of time that such 2025F Subordinated Bonds bear interest at the rate (per annum) which becomes effective at the beginning of such period, and shall include a Flexible Rate Period, a Daily Rate Period, a Weekly Rate Period, a Direct Purchase Index Rate Effective Period, an Index Rate Effective Period, a Term Rate Period and a Fixed Rate Period.

**Interest Rate Mode** shall mean, as the context may require, the Flexible Mode, the Daily Mode, the Weekly Mode, the Direct Purchase Index Mode, the Index Mode, the Term Rate Mode or the Fixed Rate Mode.

**Liquidity Facility** shall mean, with respect to the 2025F Subordinated Bonds, a letter of credit, line of credit, standby bond purchase agreement or other liquidity instrument issued in accordance with the terms hereof and then in effect and providing for the payment of



the Purchase Price of Tendered Bonds and upon replacement of such Liquidity Facility with an Alternate Liquidity Facility, the Alternate Liquidity Facility then in effect.

**Liquidity Facility Purchase Account** shall mean the account by that name in the Purchase Fund created by Section 114.09.

**Liquidity Provider** shall mean, with respect to the 2025F Subordinated Bonds, any bank, insurance company, pension fund or other financial institution which provides the Liquidity Facility, if any, then in effect for the 2025F Subordinated Bonds.

**Liquidity Provider Bonds** shall mean any 2025F Subordinated Bonds purchased by the Liquidity Provider with funds drawn on or advanced under the Liquidity Facility or Credit Enhancement, as applicable.

**Long-Term Mode** shall mean a Term Rate Mode or a Fixed Rate Mode.

**Mandatory Purchase Date** shall mean: (i) with respect to a Flexible Rate Bond, the first Business Day following the last day of each Flexible Rate Period with respect to such Flexible Rate Bond, (ii) with respect to 2025F Subordinated Bonds in the Term Rate Mode, the first Business Day following the last day of each Term Rate Period applicable to such 2025F Subordinated Bonds, (iii) with respect to any 2025F Subordinated Bonds, any Conversion Date applicable to such 2025F Subordinated Bond (except, unless otherwise specified in writing by the District in connection with a conversion of the Interest Rate Mode to the Daily Mode or the Weekly Mode, any Conversion Date in respect of a conversion from the Daily Mode to the Weekly Mode or from the Weekly Mode to the Daily Mode) or the date that otherwise would have been a Conversion Date had one of the conditions precedent to such Conversion Date specified in Section 112.11 not failed to occur (except, unless otherwise specified in writing by the District in connection with a conversion of the Interest Rate Mode to the Daily Mode or the Weekly Mode, any such date in respect of a proposed conversion from the Daily Mode to the Weekly Mode or from the Weekly Mode to the Daily Mode), (iv) with respect to any 2025F Subordinated Bonds, any Substitution Date with respect to a Credit Enhancement or Liquidity Facility, (v) with respect to any 2025F Subordinated Bonds, the fifth Business Day prior to the Expiration Date with respect to a Credit Enhancement or Liquidity Facility supporting such 2025F Subordinated Bonds, (vi) with respect to any 2025F Subordinated Bonds, the date specified by the Trustee following the occurrence of an event under the Reimbursement Agreement or Liquidity Facility, which requires or gives the Credit Provider or Liquidity Provider the option to cause a mandatory tender of the 2025F Subordinated Bonds or terminate the Credit Enhancement or Liquidity Facility upon notice, which date shall be a Business Day not more than five Business Days after the Trustee's receipt of written notice of such event from the Credit Provider or the Liquidity Provider and directing the Trustee to cause a mandatory tender of the 2025F Subordinated Bonds and in no event later than the Business Day preceding the termination date specified by the Credit Provider or the Liquidity Provider; (vii) with respect to any 2025F Subordinated Bonds, the date specified by the Trustee following receipt of written notice by the Trustee from the Credit Provider that the Credit Enhancement will not be reinstated following a drawing to pay interest on the 2025F Subordinated Bonds (other than interest on 2025F Subordinated Bonds no longer Outstanding after such drawing) and directing the Trustee to cause a mandatory tender of the 2025F Subordinated Bonds which date shall be a Business



Day not more than five days after the Trustee's receipt of such notice, (viii) with respect to 2025F Subordinated Bonds in the Daily Mode or Weekly Mode, any Business Day specified by the District with the consent of the Liquidity Provider, if any, not less than 20 days after the Trustee's receipt of such notice and in no event later than the day preceding the Expiration Date of the Liquidity Facility, if any, then in effect with respect to such 2025F Subordinated Bonds, (ix) with respect to 2025F Subordinated Bonds in the Index Mode, the first Business Day following the last day of each Index Rate Period applicable to such 2025F Subordinated Bonds, and (x) with respect to 2025F Subordinated Bonds in the Direct Purchase Index Mode, each Bank Purchase Date; provided that, in the event that the Bank (acting in its sole and absolute discretion) for the then existing Direct Purchase Index Rate Period agrees in writing to a new Direct Purchase Index Rate Period, the provisions of this clause (x) shall apply and be interpreted by substituting the Bank Purchase Date for the new Direct Purchase Index Rate Period for the then-current Bank Purchase Date.

**Market Agent** shall mean the Person appointed by the District to serve as market agent in connection with a conversion to any Direct Purchase Index Rate Period.

**Maturity Date** shall mean the maturity date or maturity dates of the 2025F Subordinated Bonds set forth in the Sales Certificate, or, if established pursuant to Section 112.11(b)(v) upon a change to the Fixed Rate Mode, the Serial Maturity Dates.

**Maximum Rate** shall mean (i) with respect to Liquidity Provider Bonds and 2025F Subordinated Bonds in the Direct Purchase Index Mode, a rate of interest per annum not exceeding the maximum non-usurious lawful rate of interest permitted by applicable laws and (ii) with respect to all other 2025F Subordinated Bonds, a rate of interest of twelve percent (12%) per annum unless a lesser rate of interest is specified as the Maximum Rate in the Sales Certificate for the initial Interest Rate Mode or in writing by the District prior to the first day of any subsequent Interest Rate Mode, Index Rate Period or Term Rate Period.

**Moody's** shall mean Moody's Investors Service and its successors and assigns, except that if such shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency selected by the District after consultation with the Remarketing Agent.

**New Mode** shall have the meaning specified in Section 112.11(a).

**Notice Parties** shall mean the Trustee, the Remarketing Agent, if any, the Paying Agent, the Credit Provider, if any, the Liquidity Provider, if any, the Bank, if any, the Market Agent, if any, and the Calculation Agent, if any.

**Opinion of Counsel** shall mean a written legal opinion from a firm of attorneys experienced in the matters to be covered in the opinion.

**Outstanding**, when used with reference to 2025F Subordinated Bonds, shall mean, as of any date, 2025F Subordinated Bonds theretofore or thereupon being authenticated and delivered under this Nineteenth Supplemental Resolution except:



(i) 2025F Subordinated Bonds cancelled by the Trustee, or delivered to the Trustee for cancellation, at or prior to such date;

(ii) 2025F Subordinated Bonds paid or deemed paid pursuant to Section 10.01 of the Subordinate Master Resolution; and

(iii) 2025F Subordinated Bonds in lieu of or in substitution for which other 2025F Subordinated Bonds shall have been authenticated and delivered pursuant to this Nineteenth Supplemental Resolution.

**Person** shall mean an individual, a corporation, a partnership, an association, a joint venture, a trust, an unincorporated organization or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

**Principal Payment Date** shall mean any date upon which the principal amount of 2025F Subordinated Bonds is due under the Subordinate Master Resolution, including any Maturity Date, any Serial Maturity Date, any Redemption Date, or the date the maturity of any 2025F Subordinated Bond is accelerated pursuant to the terms of the Subordinate Master Resolution.

**Purchase Date** shall mean (i) for a 2025F Subordinated Bond in the Daily Mode or the Weekly Mode, any Business Day selected by the Beneficial Owner of said 2025F Subordinated Bond pursuant to the provisions of Section 114.01, and (ii) any Mandatory Purchase Date.

**Purchase Fund** shall mean the fund by that name created in Section 114.09.

**Purchase Price** shall mean an amount equal to the principal amount of any 2025F Subordinated Bonds purchased on any Purchase Date, plus accrued interest to but excluding the Purchase Date; provided, however, that (i) if the Purchase Date for any 2025F Subordinated Bond to be purchased is an Interest Payment Date for such 2025F Subordinated Bond, the Purchase Price thereof shall be the principal amount thereof, and interest on such 2025F Subordinated Bond shall be paid to the Holder of such 2025F Subordinated Bond pursuant to the Subordinate Master Resolution and this Nineteenth Supplemental Resolution and (ii) in the case of a purchase on a Conversion Date or proposed Conversion Date which is preceded by a Term Rate Period or an Index Rate Period and which occurs prior to the day originally established as the last day of such preceding Term Rate Period or Index Rate Period, the Purchase Price of any 2025F Subordinated Bond to be purchased on such Conversion Date shall be the Redemption Price which would have been applicable to such 2025F Subordinated Bond if the preceding Term Rate Period or Index Rate Period had continued to the day originally established as its last day, plus accrued interest, if any.

**Rate Determination Date** shall mean any date on which the interest rate on 2025F Subordinated Bonds shall be determined, which, (i) in the case of the Flexible Mode, shall be the first day of an Interest Period; (ii) in the case of the Daily Mode, shall be each Business Day commencing with the first day (which must be a Business Day) the 2025F Subordinated Bonds become subject to the Daily Mode; (iii) in the case of the Weekly Mode, shall be (A) each Wednesday or, if Wednesday is not a Business Day, then the Business Day next succeeding such



Wednesday, and (B) not later than the Business Day preceding a Conversion Date, a Substitution Date or a Mandatory Purchase Date specified in clause (viii) of the definition of Mandatory Purchase Date; (iv) in the case of the Term Rate Mode, shall be a Business Day no later than the Business Day next preceding the first day of an Interest Period, as determined by the Remarketing Agent; (v) in the case of the Direct Purchase Index Mode, each Direct Purchase Index Rate Determination Date; (vi) in the case of the Index Mode, each Index Rate Determination Date, and (vii) in the case of the Fixed Rate Mode, shall be a date determined by the Remarketing Agent which shall be at least one Business Day prior to the Conversion Date.

**Rating Agencies** shall mean any of Moody's, S&P or Fitch, which is then providing a rating on the 2025F Subordinated Bonds at the request of the District.

**Record Date** shall mean (i) with respect to 2025F Subordinated Bonds in a Daily Mode, Weekly Mode, Flexible Mode, Direct Purchase Index Mode or Index Mode, the last Business Day before an Interest Payment Date, and (ii) with respect to 2025F Subordinated Bonds in a Term Rate Mode or Fixed Rate Mode, the fifteenth (15th) day (whether or not a Business Day) next preceding each Interest Payment Date.

**Redemption Date** shall mean the date fixed for redemption of 2025F Subordinated Bonds subject to redemption in any notice of redemption given in accordance with the terms of the Subordinate Master Resolution.

**Redemption Price** shall mean an amount equal to the principal of and premium, if any, and accrued interest, if any, on the 2025F Subordinated Bonds to be paid on the Redemption Date.

**Reimbursement Agreement** shall mean any reimbursement agreement, credit agreement, line of credit agreement, standby purchase agreement or other agreement by and between a Credit Provider or Liquidity Provider, as applicable, and the District.

**Remarketing Agent** shall mean any investment banking firm which may be appointed with respect to the 2025F Subordinated Bonds pursuant to Section 115.01.

**Remarketing Agreement** shall mean any agreement relating to the 2025F Subordinated Bonds by and between the District and a Remarketing Agent, as it may be amended or supplemented from time to time in accordance with its terms.

**Remarketing Proceeds Account** shall mean the account by that name in the Purchase Fund created in Section 114.09.

**Representations Letter** shall mean the Letter of Representations from the District to the Securities Depository in connection with the 2025F Subordinated Bonds in a book-entry system, as supplemented and amended from time to time.

**Sales Certificate** shall mean a written certificate of the District executed by the Chief Executive Officer and General Manager of the District, any Member of the Executive Committee of the District, the Treasurer of the District, the Secretary of the District or the Chief Financial Officer of the District or the designee of any of them prior to the issuance of the 2025F



Subordinated Bonds setting forth the principal amount, Maturity Date or Maturity Dates, initial Interest Rate Mode, initial interest rate or rates, and such other matters with respect to the 2025F Subordinated Bonds as such officer may deem appropriate, as provided in Section 112.02.

**S&P** shall mean S&P Global Ratings and its successors and assigns, except that if such shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “S&P” shall be deemed to refer to any other nationally recognized securities rating agency selected by the District after consultation with the Remarketing Agent, if any.

**S&P Municipal Bond 7 Day High Grade Rate Index** shall mean for a Rate Determination Date, the level of the “S&P Municipal Bond 7 Day High Grade Rate Index” (formerly known as the J.J. Kenny Index) maintained by Standard and Poor’s for a one-week maturity as published each day.

**Securities Depository** shall mean The Depository Trust Company, and such other securities depository as the District may designate in a certificate of the District delivered to the Trustee.

**Serial Bonds** shall mean the 2025F Subordinated Bonds maturing on the Serial Maturity Dates, as determined pursuant to Section 112.11(b).

**Serial Maturity Dates** shall mean the dates on which the Serial Bonds mature, as determined pursuant to Section 112.11(b).

**Serial Payments** shall mean the payments to be made in payment of the principal of the Serial Bonds on the Serial Maturity Dates.

**Short-Term Mode** shall mean the Daily Mode, the Weekly Mode or the Flexible Mode.

**SIFMA Index** shall mean, for any applicable Rate Determination Date, the level of the index which is issued weekly and which is compiled from the weekly interest rate resets of tax-exempt variable rate issues included in a database maintained by Municipal Market Data which meet specific criteria established from time to time by SIFMA and issued on Wednesday of each week, or if any Wednesday is not a Business Day, the next succeeding Business Day. If the SIFMA Index is no longer published, then “SIFMA Index” shall mean the S&P Municipal Bond 7 Day High Grade Rate Index. If the S&P Municipal Bond 7 Day High Grade Rate Index is no longer published, then “SIFMA Index” shall mean the prevailing rate determined by the Calculation Agent for tax-exempt state and local government bonds meeting criteria determined in good faith by the Calculation Agent to be comparable under the circumstances to the criteria used by SIFMA to determine the SIFMA Index immediately prior to the date on which SIFMA ceased publication of the SIFMA Index. Notwithstanding the foregoing, if the SIFMA Index as determined as provided above would be less than 0.0%, then the SIFMA Index will be deemed to be 0.0%.



**Substitution Date** shall mean the date upon which an Alternate Credit Enhancement or Alternate Liquidity Facility is scheduled to be substituted for a Credit Enhancement or Liquidity Facility then in effect.

**Taxable Date** shall mean the date on which interest on the 2025F Subordinated Bonds is first includable in gross income of the Holder (including, without limitation, any previous Holder) thereof as a result of an Event of Taxability as such a date is established pursuant to a Determination of Taxability.

**Taxable Rate** shall mean an interest rate per annum at all times equal to the product of the Direct Purchase Index Rate then in effect multiplied by the Taxable Rate Factor.

**Taxable Rate Factor** shall have the meaning set forth in the applicable Continuing Covenant Agreement.

**Tendered Bonds** shall mean 2025F Subordinated Bonds tendered for purchase by the Holders or Beneficial Owners thereof pursuant to Section 114.01 or subject to mandatory tender for purchase on a Mandatory Purchase Date pursuant to Section 114.02.

**Tender Notice** shall mean a notice delivered by Electronic Means or in writing with respect to a 2025F Subordinated Bond that states (i) the principal amount of such 2025F Subordinated Bond to be purchased pursuant to Section 114.01, (ii) the Purchase Date on which such 2025F Subordinated Bond is to be purchased, (iii) applicable payment instructions with respect to the 2025F Subordinated Bonds being tendered for purchase and (iv) an irrevocable demand for such purchase.

**Tender Notice Deadline** with respect to a 2025F Subordinated Bond shall mean (i) during a Daily Mode with respect to such 2025F Subordinated Bond, 11:00 a.m. on any Business Day and (ii) during a Weekly Mode with respect to such 2025F Subordinated Bond, 5:00 p.m. on a Business Day not less than seven days prior to the applicable Purchase Date.

**Term Rate** shall mean the per annum interest rate for 2025F Subordinated Bonds in the Term Rate Mode determined pursuant to Section 112.07(a).

**Term Rate Mode** shall mean the Interest Rate Mode during which the 2025F Subordinated Bonds bear interest at the Term Rate.

**Term Rate Period** shall mean the period from (and including) the date on which the 2025F Subordinated Bonds begin to bear interest in a Term Rate Mode to (but excluding) the commencement date of the next succeeding Interest Period, including another Term Rate Period.

**2025 Tax Certificate** shall mean the Tax Certificate executed and delivered by the District in connection with the issuance of the 2025F Subordinated Bonds, as amended or supplemented from time to time in accordance with its terms.

**Weekly Mode** shall mean the Interest Rate Mode during which the 2025F Subordinated Bonds bear interest at the Weekly Rate.



**Weekly Rate** shall mean the per annum interest rate on 2025F Subordinated Bonds in the Weekly Mode determined pursuant to Section 112.06(b).

**Weekly Rate Period** shall mean the period during which a 2025F Subordinated Bond in the Weekly Mode shall bear a Weekly Rate, which shall be the period commencing on Thursday of each week to and including Wednesday of the following week, except (i) the first Weekly Rate Period, which shall be from the Conversion Date on which the Interest Rate Mode for the 2025F Subordinated Bonds is changed to a Weekly Mode to and including the Wednesday of the following week, and (ii) the last Weekly Rate Period which shall end on the day preceding the earliest to occur of the Conversion Date on which the Interest Rate Mode for the 2025F Subordinated Bonds is changed from the Weekly Mode to a different Interest Rate Mode, the Maturity Date or the Mandatory Purchase Date for such 2025F Subordinated Bond.

## **ARTICLE CXII**

### **THE 2025F SUBORDINATED BONDS**

#### **Section 112.01. Authorization and Purpose of 2025F Subordinated Bonds.**

The Board hereby authorizes the issuance of a series of revenue bonds of the District in accordance with the Subordinate Master Resolution, designated as “Subordinated Electric Revenue Bonds, 2025 Series F” (the “2025F Subordinated Bonds”) for the purpose of (i) financing and refinancing improvements and additions to the District’s Electric System, including through the payment of all or a portion of the District’s outstanding commercial paper notes (to the extent set forth in the Sales Certificate), (ii) refunding the Refunded Bonds (to the extent set forth in the Sales Certificate), and (iii) paying costs of issuance (to the extent set forth in the Sales Certificate).

#### **Section 112.02. Terms, Registration, Denominations, Medium, Method and Place of Payment and Dating of 2025F Subordinated Bonds.**

(a) The 2025F Subordinated Bonds shall be issued in the aggregate principal amount which, together with the aggregate principal amount, if any, of the District’s Electric Revenue Bonds sold and issued pursuant to the District’s Sixty-Eighth Supplemental Resolution adopted on the date hereof and Subordinated Electric Revenue Bonds, 2025 Series E, shall not exceed \$350,000,000, shall bear interest at such initial rate or rates for such initial Interest Period, shall bear interest in such initial Interest Rate Mode, shall mature and become payable as to principal on such Maturity Date or Maturity Dates (not to exceed forty (40) years from the date of issuance of the 2025F Subordinated Bonds) in the amount and be subject to such mandatory sinking fund account payments on such mandatory sinking fund account payment dates, if any, all as set forth in the Sales Certificate. In addition to the provisions required pursuant to the terms of this Nineteenth Supplemental Resolution to be specified in the Sales Certificate, the Sales Certificate may contain such provisions, in a form approved by the District’s Bond Counsel and the District’s counsel, as the officer executing the Sales Certificate may deem necessary or desirable and consistent with the purpose of this Nineteenth Supplemental Resolution, including provisions (i) adding additional covenants and agreements to be observed by the District, (ii) curing, correcting, amending or supplementing any ambiguous, defective or ineffective provision contained in the Subordinate Master Resolution or this



Nineteenth Supplemental Resolution, or (iii) amending or supplementing any provision contained herein to the extent necessary to obtain Credit Enhancement or a Liquidity Facility, to obtain a rating on the 2025F Subordinated Bonds, or to provide for the issuance of the 2025F Subordinated Bonds if, in the judgment of such officer such rating or provision is reasonable. The Chief Executive Officer and General Manager of the District, any Member of the Executive Committee of the District, the Treasurer of the District, the Secretary of the District or the Chief Financial Officer of the District, or the designee of any of them, is hereby authorized and instructed to execute and deliver the Sales Certificate and, upon execution and delivery thereof, the Sales Certificate shall be incorporated herein and in the Subordinate Master Resolution by reference. The execution and delivery of the Sales Certificate by any such officer shall be conclusive evidence that, where any approval, determination of necessity, desirability or consistency with the purpose of this Nineteenth Supplemental Resolution, or judgment or determination of reasonableness is required to be given or made, such approval, judgment or determination has been given or made.

(b) The 2025F Subordinated Bonds shall be issued in the form of fully registered 2025F Subordinated Bonds in Authorized Denominations and no provision of the Subordinate Master Resolution relating to coupon bonds or coupons shall apply to the 2025F Subordinated Bonds. 2025F Subordinated Bonds (other than 2025F Subordinated Bonds in the Direct Purchase Index Mode) shall be issued in the form of one single certificated bond in the aggregate principal amount of the 2025F Subordinated Bonds and shall be registered as set forth in Section 116.04 of this Nineteenth Supplemental Resolution. 2025F Subordinated Bonds in the Direct Purchase Index Mode shall be issued in the form of one single certificated bond in the aggregate principal amount of the 2025F Subordinated Bonds and shall be registered in the name of the Holder thereof or as otherwise directed by such Holder. Registered ownership of the 2025F Subordinated Bonds, or any portion thereof, may not thereafter be transferred except as set forth in the Continuing Covenant Agreement (during any time that the 2025F Subordinated Bonds are in the Direct Purchase Index Mode), Section 2.05 of the Subordinate Master Resolution and Section 116.04 of this Nineteenth Supplemental Resolution. Each 2025F Subordinated Bond in the Direct Purchase Index Mode shall contain a legend indicating that the transferability of such 2025F Subordinated Bond is subject to the restrictions set forth in this Nineteenth Supplemental Resolution.

(c) The 2025F Subordinated Bonds shall be dated as of the date of their initial issuance and shall be numbered in such manner as is determined by the Trustee.

(d) The principal of and premium, if any, and interest on the 2025F Subordinated Bonds shall be payable in lawful money of the United States of America.

(e) Subject to Section 116.04 of this Nineteenth Supplemental Resolution, interest on the 2025F Subordinated Bonds shall be paid on each Interest Payment Date by the Paying Agent during a Daily Mode, Weekly Mode, Term Rate Mode, Index Mode or Fixed Rate Mode by check mailed on the date on which due to the Holders of the 2025F Subordinated Bonds at the close of business on the Record Date for the 2025F Subordinated Bonds in respect of such Interest Payment Date at the registered addresses of the Holders of the 2025F Subordinated Bonds as shall appear on the registration books of the Trustee. In the case of (i) 2025F Subordinated Bonds in a Direct Purchase Index Mode or Flexible Mode or (ii) any Holder



of 2025F Subordinated Bonds in any Interest Rate Mode other than a Direct Purchase Index Mode or Flexible Mode in an aggregate principal amount in excess of \$1,000,000 as shown on the registration books of the Trustee who, prior to the Record Date for the 2025F Subordinated Bonds next preceding any Interest Payment Date, shall have provided the Paying Agent with written wire transfer instructions, interest payable on such 2025F Subordinated Bonds shall be paid on each Interest Payment Date in accordance with the wire transfer instructions provided by the Holder of such 2025F Subordinated Bond; provided, however, that during any Flexible Rate Period, except for 2025F Subordinated Bonds registered in the name of the Securities Depository (or its nominee), interest on any such 2025F Subordinated Bond shall be payable only upon surrender of such 2025F Subordinated Bond at the office of the Paying Agent.

(f) Subject to Section 116.04 of this Nineteenth Supplemental Resolution, the principal of and premium, if any, on each 2025F Subordinated Bond shall be payable on the Principal Payment Date of such 2025F Subordinated Bond upon surrender thereof at the office of the Paying Agent; provided that the Paying Agent may agree with the Holder of any 2025F Subordinated Bond (and hereby does so agree with the Bank during any Direct Purchase Index Rate Period) that such Holder may, in lieu of surrendering the same for a new 2025F Subordinated Bond, endorse on such 2025F Subordinated Bond a record of partial payment of the principal of such 2025F Subordinated Bond in the form set forth below (which shall be typed or printed on such 2025F Subordinated Bond):

#### PAYMENTS ON ACCOUNT OF PRINCIPAL

Payment Date	Principal Amount Paid	Balance of Principal Amount Unpaid	Signature of Holder
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The Paying Agent shall maintain a record of each such partial payment made in accordance with the foregoing agreement and such record of the Paying Agent shall be conclusive. Such partial payment shall be valid upon payment of the amount thereof to the Holder of such 2025F Subordinated Bond, and the District, the Trustee and the Paying Agent shall be fully released and discharged from all liability to the extent of such payment regardless of whether such endorsement shall or shall not have been made upon such 2025F Subordinated Bond by the Holder thereof and regardless of any error or omission in such endorsement.

(g) Except as may be specifically set forth herein, the Paying Agent, the Trustee, the Remarketing Agent, if any, and the District may treat the Holder of a 2025F Subordinated Bond as the absolute owner thereof for all purposes, whether or not such 2025F Subordinated Bond shall be overdue, and the Paying Agent, the Trustee, the Remarketing Agent, if any, and the District shall not be affected by any knowledge or notice to the contrary. Payment of the principal of and premium, if any, and interest on each 2025F Subordinated Bond shall be made only to such Holder, which payments shall be valid and effectual to satisfy and discharge the liability of such 2025F Subordinated Bond to the extent of the sum or sums so paid. All



2025F Subordinated Bonds paid at maturity or on earlier redemption pursuant to the provisions of this Section shall be cancelled by the Paying Agent.

(h) Each 2025F Subordinated Bond shall bear interest at the applicable rate or rates during each applicable Interest Accrual Period until the entire Principal Amount thereof has been paid.

(i) The Sales Certificate shall designate the series, amounts and maturity or sinking fund payment dates of the Refunded Bonds, if any.

**Section 112.03. Payment of Principal and Interest of 2025F Subordinated Bonds; Acceptance of Terms and Conditions.**

(a) The interest on each 2025F Subordinated Bond shall become due and payable on the Interest Payment Dates with respect to such 2025F Subordinated Bond to and including the Maturity Date of such 2025F Subordinated Bond, and on each Redemption Date and on the date of any acceleration prior thereto. The principal of each 2025F Subordinated Bond shall become due and payable on the Principal Payment Date of such 2025F Subordinated Bond.

(b) By the acceptance of its 2025F Subordinated Bond, the Holder thereof shall be deemed to have agreed to all the terms and provisions of such 2025F Subordinated Bond as specified in such 2025F Subordinated Bond and the Subordinate Master Resolution, including without limitation the applicable Interest Periods, interest rates (including any applicable Alternate Rate), Purchase Dates, Mandatory Purchase Dates, Purchase Prices, mandatory and optional purchase and redemption provisions applicable to such 2025F Subordinated Bond, method and timing of purchase, redemption and payment. Such Holder further agrees that if, on any date upon which its 2025F Subordinated Bond is to be purchased, redeemed or paid at maturity or earlier due date, funds are on deposit with the Paying Agent or the Trustee to pay the full amount due on such 2025F Subordinated Bond, then such Holder shall have no rights under the Subordinate Master Resolution other than to receive such full amount due with respect to such 2025F Subordinated Bond and that interest on such 2025F Subordinated Bond shall cease to accrue as of such date.

(c) Notwithstanding anything herein to the contrary, while any 2025F Subordinated Bonds are Liquidity Provider Bonds, such Liquidity Provider Bonds shall bear interest and be payable at the times, in the manner and in the amounts required under the Liquidity Facility supporting such 2025F Subordinated Bonds or the Reimbursement Agreement related thereto.

**Section 112.04. Calculation and Payment of Interest; Change in Interest Rate Mode; Maximum Rate.**

(a) When a Direct Purchase Index Mode or Index Mode is in effect and the Direct Purchase Index or the Index, as applicable, is the SIFMA Index, interest shall be calculated on the basis of a 365/366-day year for the actual number of days elapsed. When a Direct Purchase Index Mode or Index Mode is in effect and the Direct Purchase Index or the Index, as applicable, is an index other than the SIFMA Index, interest shall be calculated on the



basis specified in writing by the District on or before the first day of the applicable Direct Purchase Index Rate Period or Index Rate Period. When a Short-Term Mode is in effect, interest shall be calculated on the basis of a 365/366-day year for the actual number of days elapsed. When a Term Rate Mode or a Fixed Rate Mode is in effect, interest shall be calculated on the basis of a 360-day year comprised of twelve 30-day months. Payment of unpaid interest accrued on each 2025F Subordinated Bond during each Interest Accrual Period shall be made on the applicable Interest Payment Date for such 2025F Subordinated Bond to the Holder of record of such 2025F Subordinated Bond on the applicable Record Date.

(b) The 2025F Subordinated Bonds in any Interest Rate Mode other than a Fixed Rate Mode may be changed to any other Interest Rate Mode at the times and in the manner hereinafter provided. Subsequent to such change in Interest Rate Mode (other than a change to a Fixed Rate Mode), the 2025F Subordinated Bonds may again be changed to a different Interest Rate Mode at the times and in the manner hereinafter provided. A Fixed Rate Mode shall be in effect until the Maturity Date, or acceleration thereof prior to the Maturity Date, and the 2025F Subordinated Bonds in a Fixed Rate Mode may not be changed to any other Interest Rate Mode.

(c) Subject to Section 112.09(b)(iii), no 2025F Subordinated Bonds shall bear interest at an interest rate higher than the Maximum Rate with respect thereto.

(d) In the absence of manifest error, the determination of interest rates (including any determination of rates in connection with a New Mode) and Interest Periods by the Remarketing Agent or the Calculation Agent, as applicable, as provided herein, and the record of interest rates maintained by the Paying Agent shall be conclusive and binding upon the Remarketing Agent, the Paying Agent, the Trustee, the District, the Holders and the Beneficial Owners.

**Section 112.05. Determination of Flexible Rates and Interest Periods During Flexible Mode.** An Interest Period for the Flexible Rate Bonds shall be of such duration of from one to 270 calendar days, ending on either a day which immediately precedes a Business Day or the day immediately preceding the Maturity Date, as the Remarketing Agent shall determine in accordance with the provisions of this Section. A Flexible Rate Bond may have an Interest Period, and bear interest at a Flexible Rate, different than another Flexible Rate Bond. In making the determinations with respect to Interest Periods, subject to limitations imposed by the second preceding sentence and in Section 112.04 hereof, on each Rate Determination Date for a Flexible Rate Bond, the Remarketing Agent shall select for such 2025F Subordinated Bond the Interest Period which would result in the Remarketing Agent being able to remarket such 2025F Subordinated Bond at par in the secondary market at the lowest average interest cost for all 2025F Subordinated Bonds; provided, however, that if the Remarketing Agent has received notice from the District that such 2025F Subordinated Bonds are to be changed from the Flexible Mode to any other Interest Rate Mode, the Remarketing Agent shall select Interest Periods which do not extend beyond the proposed Conversion Date.

Except while the 2025F Subordinated Bonds are registered in a Book-Entry System, in order to receive payment of the Purchase Price the Holder of any Flexible Rate Bond must present such Flexible Rate Bond to the Trustee, by 12:00 noon on the Rate Determination



Date, in which case the Trustee shall pay the Purchase Price to such Holder by 3:00 p.m. on the same day.

By 1:00 p.m. on each Rate Determination Date, the Remarketing Agent, with respect to each Flexible Rate Bond which is subject to adjustment on such date, shall determine the Flexible Rate(s) for the Interest Periods then selected for such Flexible Rate Bond and shall give notice by Electronic Means to the Paying Agent and the District of the Interest Period, the Purchase Date(s) and the Flexible Rate(s). The Remarketing Agent shall make the Flexible Rate and Interest Period available after 2:00 p.m. on each Rate Determination Date by telephone or Electronic Means to the Trustee or any other Paying Agent without request, and to any Beneficial Owner or Notice Party requesting such information.

**Section 112.06. Determination of Interest Rates During the Daily Mode and the Weekly Mode.** The interest rate for 2025F Subordinated Bonds in the Daily Mode or Weekly Mode shall be the rate of interest per annum determined by the Remarketing Agent on and as of the applicable Rate Determination Date as the minimum rate of interest which, in the opinion of the Remarketing Agent under then-existing market conditions, would result in the sale of such 2025F Subordinated Bonds in the Daily Rate Period or Weekly Rate Period, as applicable, at a price equal to the principal amount thereof, plus interest, if any, accrued through the Rate Determination Date during the then current Interest Accrual Period. In making any such determination the Remarketing Agent shall not take into account the per annum rate of interest that would be applicable to Liquidity Provider Bonds pursuant to the terms of the applicable Liquidity Facility or related Reimbursement Agreement.

(a) During the Daily Mode, the Remarketing Agent shall establish the Daily Rate by 10:00 a.m. on each Rate Determination Date. The Daily Rate for any day during the Daily Mode which is not a Business Day shall be the Daily Rate established on the immediately preceding Rate Determination Date. The Remarketing Agent shall make the Daily Rate available no less frequently than once per week by Electronic Means to each Notice Party requesting such rate.

(b) During the Weekly Mode, the Remarketing Agent shall establish the Weekly Rate by 4:00 p.m. on each Rate Determination Date. The Weekly Rate shall be in effect during the applicable Weekly Rate Period. The Remarketing Agent shall make the Weekly Rate available after 5:00 p.m. on the Business Day following the Rate Determination Date by Electronic Means to each Notice Party requesting such rate.

**Section 112.07. Determination of Term Rates and Fixed Rates.**

(a) Term Rates. The Term Rate shall be determined by the Remarketing Agent not later than 4:00 p.m. on the Rate Determination Date. Except as set forth in Section 112.11(a)(ii), the Term Rate shall be the minimum rate which, in the sole judgment of the Remarketing Agent, would result in a sale of such 2025F Subordinated Bonds at a price equal to the principal amount thereof on the Rate Determination Date for the Interest Period selected, and the Call Protection Date specified, by the District in writing delivered to the Remarketing Agent before such Rate Determination Date. No Interest Period in the Term Rate Mode may extend beyond the Maturity Date. The Remarketing Agent shall make the Term Rate available by



telephone or Electronic Means after 5:00 p.m. on the Rate Determination Date to any Notice Party requesting such Term Rate. Upon request of any Notice Party, the Paying Agent shall give notice of such rate by Electronic Means.

(b) **Fixed Rates.** The Remarketing Agent shall determine the Fixed Rate for 2025F Subordinated Bonds being converted to the Fixed Rate Mode in the manner and at the times as follows: not later than 4:00 p.m. on the applicable Rate Determination Date, the Remarketing Agent shall determine the Fixed Rate (or Fixed Rates, if such 2025F Subordinated Bonds will have Serial Maturity Dates in accordance with Section 112.11(b)(v)). Except as set forth in Section 112.11(b)(v), the Fixed Rate shall be the minimum interest rate which, in the sole judgment of the Remarketing Agent, will result in a sale of such 2025F Subordinated Bonds at a price equal to the principal amount thereof on the Rate Determination Date. The Remarketing Agent shall make the Fixed Rate available by telephone or by Electronic Means after 5:00 p.m. on the Rate Determination Date to any Notice Party requesting such Fixed Rate. Upon request of any Notice Party, the Paying Agent shall give notice of such Fixed Rate by Electronic Means. Subject to Section 112.11(b)(v), the Fixed Rate so established shall remain in effect until the Maturity Date of such 2025F Subordinated Bonds.

**Section 112.08. Alternate Rates.** The following provisions shall apply in the event (i) the Remarketing Agent fails or is unable to determine the interest rate or Interest Period for 2025F Subordinated Bonds (other than 2025F Subordinated Bonds in the Direct Purchase Index Mode, the Index Mode or the Term Rate Mode), (ii) the method by which the Remarketing Agent determines the interest rate or Interest Period with respect to 2025F Subordinated Bonds in any Interest Rate Mode other than the Direct Purchase Index Mode, the Index Mode or the Term Rate Mode shall be held to be unenforceable by a court of law of competent jurisdiction or (iii) other than with respect to 2025F Subordinated Bonds in the Direct Purchase Index Mode, the Index Mode or the Term Rate Mode, if the Remarketing Agent suspends its remarketing effort in accordance with the Remarketing Agreement. These provisions shall continue to apply until such time as the Remarketing Agent again makes such determinations. In the case of clause (ii) above, the Remarketing Agent shall again make such determination at such time as there is delivered to the Remarketing Agent and the District an opinion of Bond Counsel to the effect that there are no longer any legal prohibitions against such determinations. The following shall be the methods by which the interest rates and, in the case of the Flexible Rate Mode, the Interest Periods, shall be determined for 2025F Subordinated Bonds as to which any of the events described in clauses (i), (ii) or (iii) shall be applicable. Such methods shall be applicable from and after the date any of the events described in clauses (i), (ii) or (iii) first become applicable to such 2025F Subordinated Bonds until such time as the events described in clauses (i), (ii) or (iii) are no longer applicable to such 2025F Subordinated Bonds.

(a) For Flexible Rate Bonds, the next Interest Period shall be from, and including, the first day following the last day of the current Interest Period for such Flexible Rate Bonds to, but excluding, the next succeeding Business Day and thereafter shall commence on each Business Day and extend to, but exclude, the next succeeding Business Day. For each such Interest Period, the interest rate for such 2025F Subordinated Bonds shall be the applicable Alternate Rate in effect on the Business Day that begins an Interest Period.



(b) For 2025F Subordinated Bonds in the Daily Mode or the Weekly Mode, such 2025F Subordinated Bonds shall bear interest during each subsequent Interest Period at the Alternate Rate in effect on the first day of such Interest Period.

**Section 112.09. Determination of Direct Purchase Index Rates.**

(a) During each Direct Purchase Index Rate Period, the 2025F Subordinated Bonds shall, subject to subsection (b) of this Section 112.09, bear interest at the Direct Purchase Index Rate. The Calculation Agent shall determine the Direct Purchase Index Rate on each Direct Purchase Index Rate Determination Date occurring during any Direct Purchase Index Rate Period. The Direct Purchase Index Rate shall be the sum of (i) the product of the Direct Purchase Index multiplied by the Applicable Factor, plus (ii) the Applicable Spread. Each Direct Purchase Index Rate shall be effective, and interest shall accrue on the 2025F Subordinated Bonds at such Direct Purchase Index Rate each day during the applicable Direct Purchase Index Rate Effective Period. On or before any Conversion Date upon which a Direct Purchase Index Rate Period will begin, the District shall designate the Direct Purchase Index to be in effect during such Direct Purchase Index Rate Period. The Applicable Factor and Applicable Spread for a Direct Purchase Index Rate Period shall be determined by the Market Agent such that the applicable Direct Purchase Index Rate shall be the interest rate per annum (based upon tax exempt obligations comparable, in the judgment of the Market Agent, to the 2025F Subordinated Bonds and known to the Market Agent to have been priced or traded under the prevailing market conditions) to be the minimum interest rate at which a Person will agree to purchase the 2025F Subordinated Bonds on the Conversion Date at a price (without regard to accrued interest) equal to the principal amount thereof. Unless otherwise specified in the Continuing Covenant Agreement applicable to a Direct Purchase Index Rate Period, the Direct Purchase Index Rate shall be rounded to the nearest fifth decimal place. Promptly following the determination of the Direct Purchase Index Rate, the Calculation Agent shall give notice thereof to the District, the Trustee and the Paying Agent. If the Direct Purchase Index Rate is not determined by the Calculation Agent on the Direct Purchase Index Rate Determination Date, the rate of interest born on such 2025F Subordinated Bonds bearing interest at a Direct Purchase Index Rate shall be the rate in effect on the immediately preceding Direct Purchase Index Rate Reset Date until the Calculation Agent next determines the Direct Purchase Index Rate as required hereunder.

(b) Adjustments to Direct Purchase Index Rates.

(i) Taxable Rate. Notwithstanding anything in the Subordinate Master Resolution or this Nineteenth Supplemental Resolution to the contrary, including, without limitation, Section 114.02(b), but subject to Section 112.04(c) and Section 112.09(b)(ii) and (iii), from and after any Taxable Date, the interest rate on 2025F Subordinated Bonds in a Direct Purchase Index Mode shall be established at a rate at all times equal to the Taxable Rate.

(ii) Default Rate. Notwithstanding anything in the Subordinate Master Resolution or this Nineteenth Supplemental Resolution to the contrary, including, without limitation, Section 114.02(b), but subject to Section 112.04(c) and Section 112.09(b)(iii), from and after the effective date of any “Event of Default” under and as defined in the Continuing Covenant Agreement or the Subordinate Master Resolution and during the



continuance thereof, the interest rate for 2025F Subordinated Bonds in a Direct Purchase Index Mode shall be established at a rate at all times equal to the greater of (A) the Default Rate and (B) the interest rate that otherwise would be applicable to the 2025F Subordinated Bonds but for the provisions of this paragraph, payable on demand to the Bank. Interest shall accrue and be paid on both defaulted interest and defaulted principal.

(iii) Excess Interest. Notwithstanding anything in the Subordinate Master Resolution or this Nineteenth Supplemental Resolution to the contrary, if during a Direct Purchase Index Mode the rate of interest on the 2025F Subordinated Bonds exceeds the Maximum Rate for such 2025F Subordinated Bonds, then (A) such 2025F Subordinated Bonds shall bear interest at the Maximum Rate and (B) interest on such 2025F Subordinated Bonds calculated at the rate equal to the difference between (1) the rate of interest for such 2025F Subordinated Bonds as calculated pursuant to this Section 112.09 and (2) the Maximum Rate (the “Excess Interest”) shall be deferred until such date as the rate of interest borne by such 2025F Subordinated Bonds as calculated pursuant to this Section 112.09 is below the Maximum Rate, at which time Excess Interest shall be payable with respect to such 2025F Subordinated Bonds. Payments of deferred Excess Interest shall no longer be due and payable upon the earlier to occur of the date on which such 2025F Subordinated Bonds are redeemed or tendered for purchase in accordance with this Nineteenth Supplemental Resolution and the redemption price or purchase price, as applicable, is paid in full or the principal of and interest on such 2025F Subordinated Bonds is otherwise paid in full.

(iv) Amortization Period. Notwithstanding anything herein to the contrary, but subject to Section 112.04(c) and Section 112.09(b)(i), (ii) and (iii) during any Amortization Period, the 2025F Subordinated Bonds shall bear interest at the Bank Rate.

**Section 112.10. Determination of Index Rates.** During each Index Rate Period, the 2025F Subordinated Bonds shall bear interest at the Index Rate. The Calculation Agent shall determine the Index Rate for each maturity of the 2025F Subordinated Bonds on each Index Rate Determination Date occurring during any Index Rate Period. The Index Rate for each maturity of the 2025F Subordinated Bonds shall be the sum of (i) the product of the Index multiplied by the Index Percentage, plus (ii) the Index Spread for such maturity of the 2025F Subordinated Bonds. Each Index Rate shall be effective, and interest shall accrue on the 2025F Subordinated Bonds at such Index Rate each day during the applicable Index Rate Effective Period. If the 2025F Subordinated Bonds are initially issued in the Index Mode, the District shall specify the Index, Index Percentage, Index Spreads and Call Protection Date for the Index Rate Period commencing on the date of issuance of the 2025F Subordinated Bonds and the length of the Index Rate Period commencing on the date of issuance of the 2025F Subordinated Bonds in the Sales Certificate. On or before any Conversion Date upon which an Index Rate Period will begin, the District shall specify the length of such Index Rate Period and designate the Index and Call Protection Date to be in effect during such Index Rate Period and the Remarketing Agent shall determine the Index Percentage and Index Spread that would result in a sale of the 2025F Subordinated Bonds at a price (without regard to accrued interest) equal to principal amount thereof on the Conversion Date for such Index Rate Period. Each Index, Index Percentage and Index Spread shall be in effect through the last day of the applicable Index Rate Period and shall



be applied by the Calculation Agent in determining the Index Rate on each Index Rate Determination Date during such Index Rate Period. All percentages resulting from the calculation of the Index Rate shall be rounded, if necessary, to the nearest ten-thousandth of a percentage point with five hundred thousandths of a percentage point rounded upward. All dollar amounts used in or resulting from the calculation of the Index Rate shall be rounded to the nearest cent with one-half cent being rounded upward. The Calculation Agent shall make each Index Rate available by telephone or Electronic Means after 5:00 p.m. on the applicable Index Rate Determination Date to any Notice Party requesting such Index Rate. Upon request of any Notice Party, the Paying Agent shall give notice of such rate by Electronic Means. If the Index Rate is not determined by the Calculation Agent on the applicable Index Rate Determination Date, the rate of interest born on such 2025F Subordinated Bonds bearing interest at an Index Rate shall be the rate in effect on the immediately preceding Index Rate Reset Date until the Calculation Agent next determines the Index Rate as required hereunder.

**Section 112.11. Changes in Interest Rate Mode, Term Rate Period, Index Rate Period and Direct Purchase Index Rate Period.** Subject to the provisions of this Section, the District may effect a change in Interest Rate Mode, Term Rate Period, Index Rate Period or Direct Purchase Index Rate Period with respect to the 2025F Subordinated Bonds by following the procedures set forth in this Section.

(a) Changes to Interest Rate Modes Other Than Fixed Rate Mode; Changes in Term Rate Period, Index Rate Period and Direct Purchase Index Rate Period. The Interest Rate Mode for the 2025F Subordinated Bonds (other than the 2025F Subordinated Bonds in the Fixed Rate Mode) may be changed from one Interest Rate Mode to another Interest Rate Mode (other than the Fixed Rate Mode) and the Term Rate Period, Index Rate Period and Direct Purchase Index Rate Period for the 2025F Subordinated Bonds may be changed, as follows:

(i) Notice to Notice Parties; Notice to Holders. No later than a Business Day which is at least two Business Days prior to the date on which the Trustee is required to notify the Holders of the 2025F Subordinated Bonds preceding the proposed Conversion Date, the District shall give written notice to the Notice Parties of its intention to effect a change in the Interest Rate Mode, Term Rate Period, Index Rate Period or Direct Purchase Index Rate Period from the Interest Rate Mode, Term Rate Period, Index Rate Period or Direct Purchase Index Rate Period then prevailing (for purposes of this Section, the “Current Mode”) to another Interest Rate Mode, Term Rate Period, Index Rate Period or Direct Purchase Index Rate Period (for purposes of this Section, the “New Mode”) specified in such written notice. Notice of the proposed change in Interest Rate Mode, Term Rate Period, Index Rate Period or Direct Purchase Index Rate Period shall be given by the Trustee by mail to the Holders of the 2025F Subordinated Bonds not less than the 10th day next preceding the proposed Conversion Date, provided that no notice need be given for a Conversion Date occurring on the Business Day following the last day of a Flexible Rate Period, an Index Rate Period or a Term Rate Period or on a Substitution Date. Such notice shall state: (1) the proposed Conversion Date; (2) as set forth in the definition of Mandatory Purchase Date, that the 2025F Subordinated Bonds will be subject to mandatory tender for purchase on the proposed Conversion Date (regardless of whether all of the conditions to the change in the Interest Rate Mode, Term Rate Period, Index Rate Period or Direct Purchase Index



Rate Period are satisfied) or that the 2025F Subordinated Bonds will not be subject to mandatory tender for purchase on the proposed Conversion Date; and (3) if applicable, the Purchase Price of the 2025F Subordinated Bonds and the place of delivery for purchase of the 2025F Subordinated Bonds; provided that, if the proposed change is from one Direct Purchase Index Rate Period to a new Direct Purchase Index Rate Period and any Holder of the 2025F Subordinated Bonds shall continue to be a Holder of 2025F Subordinated Bonds in the new Direct Purchase Index Rate Period, the Holder may elect to retain its 2025F Subordinated Bonds by filing with the District and the Trustee not less than five days prior to the proposed Conversion Date a written notice identifying such 2025F Subordinated Bonds and the principal amount it wishes to retain.

(ii) Determination of Interest Rates. The New Mode shall commence on the Conversion Date and the interest rate(s) (together, in the case of a change to the Flexible Mode, with the Interest Period(s)) shall be determined in the manner provided in Sections 112.05, 112.06, 112.07, 112.09 and 112.10, as applicable; provided, however, that, in the case of a change to the Term Rate Mode, or from one Term Rate Period to a new Term Rate Period, if the District shall deliver to the Trustee a Favorable Opinion of Bond Counsel, the District may elect to sell some or all of the 2025F Subordinated Bonds at a premium or a discount to par.

(iii) Conditions Precedent.

(1) The Conversion Date shall be:

(A) in the case of a change from the Flexible Mode, the Business Day next succeeding the date on which all Flexible Rate Periods determined for the 2025F Subordinated Bonds end;

(B) in the case of a change from the Daily Mode or the Weekly Mode, any Business Day;

(C) in the case of a change from the Term Rate Mode to another Interest Rate Mode, or from one Term Rate Period to a new Term Rate Period, any day on which the applicable 2025F Subordinated Bonds would be subject to optional redemption if the conversion did not occur or the day immediately following the last day of the current Term Rate Period;

(D) in the case of a change from the Index Mode to another Interest Rate Mode, or from one Index Rate Period to a new Index Rate Period, any day on which the applicable 2025F Subordinated Bonds would be subject to optional redemption if the conversion did not occur or the day immediately following the last day of the current Index Rate Period; and

(E) in the case of a change from the Direct Purchase Index Mode or from one Direct Purchase Index Rate Period to another Direct Purchase Index Rate Period, any Business Day, subject to any



limitations, conditions or requirements set forth in the Continuing Covenant Agreement.

(2) If the 2025F Subordinated Bonds to be converted are Flexible Rate Bonds, no Interest Period with respect to such 2025F Subordinated Bonds set after delivery by the District to the Remarketing Agent of the notice of the intention to effect a change in Interest Rate Mode shall extend beyond the proposed Conversion Date.

(3) The following items shall have been delivered to the District and the Trustee, on or prior to the Conversion Date:

(A) a Favorable Opinion of Bond Counsel dated the Conversion Date; and

(B) if there is to be a Liquidity Facility or an Alternate Liquidity Facility or Credit Enhancement or an Alternate Credit Enhancement delivered in connection with such change, the items required by Section 114.08(d).

(4) If no Liquidity Facility is in effect to provide funds for the purchase of 2025F Subordinated Bonds on the Conversion Date, the remarketing proceeds available on the Conversion Date and the amounts required to be paid by the District pursuant to Section 114.04 shall not be less than the amount required to purchase all of the 2025F Subordinated Bonds on the Conversion Date at the Purchase Price.

(b) Change to Fixed Rate Mode. At the option of the District, the Interest Rate Mode for the 2025F Subordinated Bonds may be changed to the Fixed Rate Mode as provided in this Section 112.11(b). On any Business Day which is at least two Business Days prior to the date on which the Trustee is required to notify the Holders of the 2025F Subordinated Bonds before the proposed Conversion Date pursuant to clause (ii) of this subsection (b), the District shall give written notice to the Notice Parties stating that the Interest Rate Mode will be changed to the Fixed Rate Mode and setting forth the proposed Conversion Date. In addition, such notice shall state whether some or all of the 2025F Subordinated Bonds to be converted shall be converted to Serial Bonds and, if so, the applicable Serial Maturity Dates and Serial Payments, all as determined pursuant to clause (v) of this subsection (b). Any such change in Interest Rate Mode shall be made as follows:

(i) Conversion Date. The Conversion Date shall be:

(1) in the case of a change from the Flexible Mode, the Business Day next succeeding the date on which all Flexible Rate Periods determined for the 2025F Subordinated Bonds end;

(2) in the case of a change from the Daily Mode or the Weekly Mode, any Business Day;



(3) in the case of a change from the Term Rate Mode, any day on which the applicable 2025F Subordinated Bonds would be subject to optional redemption if the conversion did not occur or the day immediately following the last day of the current Term Rate Period;

(4) in the case of a change from the Index Mode, any day on which the applicable 2025F Subordinated Bonds would be subject to optional redemption if the conversion did not occur or the day immediately following the last day of the current Index Rate Period; and

(5) in the case of a change from the Direct Purchase Index Mode, any Business Day, subject to any limitations, conditions or requirements set forth in the Continuing Covenant Agreement.

(ii) Notice to Holders. Not less than the 10th day next preceding the Conversion Date, the Trustee shall mail, in the name of the District, a notice of such proposed change to the Holders of the 2025F Subordinated Bonds stating that the Interest Rate Mode will be changed to the Fixed Rate Mode, the proposed Conversion Date and that such Holder is required to tender such Holder's 2025F Subordinated Bonds for purchase on such proposed Conversion Date.

(iii) General Provisions Applying to Change to Fixed Rate Mode. The change to the Fixed Rate Mode shall not occur unless the following items shall have been delivered to the District and the Trustee and the following conditions shall have been satisfied, in each case on or prior to the Conversion Date:

(1) a Favorable Opinion of Bond Counsel dated the Conversion Date;

(2) if there is to be Credit Enhancement or Alternate Credit Enhancement delivered in connection with such change, the items required by Section 114.08(d) in connection with the delivery of Credit Enhancement or Alternate Credit Enhancement; and

(3) if no Liquidity Facility is in effect to provide funds for the purchase of 2025F Subordinated Bonds on the Conversion Date, the remarketing proceeds available on the Conversion Date and the amounts required to be paid by the District pursuant to Section 114.04 shall not be less than the amount required to purchase all of the 2025F Subordinated Bonds on the Conversion Date at the Purchase Price.

(iv) Determination of Interest Rate. The Fixed Rate (or Fixed Rates in the case of Serial Bonds) for the 2025F Subordinated Bonds to be converted to the Fixed Rate Mode shall be established by the Remarketing Agent on the Rate Determination Date applicable thereto pursuant to the provisions of Section 112.07(b). Such Fixed Rate or Fixed Rates shall remain in effect until the Maturity Date or Serial Maturity Dates, as applicable, of such 2025F Subordinated Bonds. Such determination shall be conclusive and binding upon the District, the Trustee, the Credit Provider, if any, and the Holders of the 2025F Subordinated Bonds to which such rate will be applicable. Not later than 5:00 p.m. on the date of determination of the Fixed Rate, the Remarketing Agent shall notify the District, the Trustee and the Credit Provider, if any, of such rate by telephone.



(v) Serialization and Sinking Fund Account Redemption; Price. Upon conversion of the 2025F Subordinated Bonds to the Fixed Rate Mode, the 2025F Subordinated Bonds shall be remarketed at par, shall mature on the same Maturity Date and be subject to the same mandatory sinking fund account redemption, if any, and optional redemption provisions as set forth in this Nineteenth Supplemental Resolution prior to the Conversion; provided, however, that if the District shall deliver to the Trustee a Favorable Opinion of Bond Counsel, the District may elect to (1) have some of the 2025F Subordinated Bonds be Serial Bonds and some subject to mandatory sinking fund account redemption even if such 2025F Subordinated Bonds were not Serial Bonds or subject to mandatory sinking fund account redemption prior to such change, (2) change the optional redemption dates and/or premiums set forth in Section 113.03(b), and/or (3) sell some or all of the 2025F Subordinated Bonds at a premium or a discount to par.

(c) Failure to Satisfy Conditions Precedent to an Interest Rate Mode Change. In the event the conditions described above in subsections (a) or (b), as applicable, of this Section have not been satisfied by the applicable Conversion Date, then the New Mode shall not take effect (although any mandatory tender shall be made on such date if notice has been sent to the Holders stating that such 2025F Subordinated Bonds would be subject to mandatory purchase on such date). If the failed change in Interest Rate Mode was from the Flexible Mode, such 2025F Subordinated Bonds shall remain in the Flexible Mode with interest rates and Interest Periods to be established by the Remarketing Agent on the failed Conversion Date in accordance with Section 112.05. If the failed change in Interest Rate Mode was from the Daily Mode, such 2025F Subordinated Bonds shall remain in the Daily Mode, and if the failed change in Interest Rate Mode was from the Weekly Mode, such 2025F Subordinated Bonds shall remain in the Weekly Mode, in each case with interest rates established in accordance with the applicable provisions of Section 112.06 on and as of the failed Conversion Date. If the failed change in Interest Rate Mode was from the Term Rate Mode, then such 2025F Subordinated Bonds shall remain in the Term Rate Mode with interest rates established in accordance with the applicable provisions of Section 112.07. If the failed change in Interest Rate Mode was from the Direct Purchase Index Mode, then the 2025F Subordinated Bonds shall remain in the Direct Purchase Index Mode, with interest rates established in accordance with the applicable provisions of Section 112.09. If the failed change in Interest Rate Mode was from the Index Mode, then the 2025F Subordinated Bonds shall remain in the Index Mode, with interest rates established in accordance with the applicable provisions of Section 112.10.

(d) Rescission of Election. Notwithstanding anything herein to the contrary, the District may rescind any election by it to change an Interest Rate Mode, Term Rate Period, Index Rate Period or Direct Purchase Index Rate Period as described above prior to the Conversion Date by giving written notice thereof to the Notice Parties prior to 10:00 a.m. on the Business Day preceding such Conversion Date. If the Trustee receives notice of such rescission prior to the time the Trustee has given notice to the Holders of the 2025F Subordinated Bonds, then such notice of change in Interest Rate Mode, Term Rate Period, Index Rate Period or Direct Purchase Index Rate Period shall be of no force and effect. If the Trustee receives notice from the District of rescission of a change in Interest Rate Mode, Term Rate Period, Index Rate Period or Direct Purchase Index Rate Period after the Trustee has given notice thereof to the Holders of the 2025F Subordinated Bonds, then, if the proposed Conversion Date would have been a Mandatory Purchase Date, such date shall continue to be a Mandatory Purchase Date and the



Interest Rate Mode for the 2025F Subordinated Bonds shall be determined as set forth in the remainder of this paragraph. If the proposed change in Interest Rate Mode was from the Flexible Mode, such 2025F Subordinated Bonds shall remain in the Flexible Mode with interest rates and Interest Periods to be established by the Remarketing Agent on the proposed Conversion Date in accordance with Section 112.05. If the proposed change in Interest Rate Mode was from the Daily Mode, such 2025F Subordinated Bonds shall remain in the Daily Mode, and if the proposed change in Interest Rate Mode was from the Weekly Mode, such 2025F Subordinated Bonds shall remain in the Weekly Mode, in each case with interest rates established in accordance with the applicable provisions of Section 112.06 on and as of the proposed Conversion Date. If the proposed change in Interest Rate Mode was from the Term Rate Mode, then such 2025F Subordinated Bonds shall remain in the Term Rate Mode with interest rates established in accordance with the applicable provisions of Section 112.07. If the proposed change in Interest Rate Mode was from the Direct Purchase Index Mode, then the 2025F Subordinated Bonds shall remain in the Direct Purchase Index Mode, with interest rates established in accordance with the applicable provisions of Section 112.09. If the proposed change in Interest Rate Mode was from the Index Mode, then the 2025F Subordinated Bonds shall remain in the Index Mode, with interest rates established in accordance with the applicable provisions of Section 112.10.

## **ARTICLE CXIII**

### **REDEMPTION OF 2025F SUBORDINATED BONDS**

**Section 113.01. Optional Redemption of Flexible Rate Bonds.** 2025F Subordinated Bonds in the Flexible Mode are not subject to optional redemption prior to their respective Purchase Dates. 2025F Subordinated Bonds in the Flexible Mode shall be subject to redemption at the option of the District in whole or in part on their respective Purchase Dates at a Redemption Price equal to the principal amount thereof.

**Section 113.02. Optional Redemption of 2025F Subordinated Bonds in the Daily Mode and the Weekly Mode.** 2025F Subordinated Bonds in the Daily Mode or the Weekly Mode are subject to optional redemption by the District, in whole or in part (provided that no 2025F Subordinated Bonds shall remain Outstanding in other than Authorized Denominations) on any Business Day, at a Redemption Price equal to the principal amount thereof, plus accrued interest, if any, to the Redemption Date.

**Section 113.03. Optional Redemption of 2025F Subordinated Bonds in the Term Rate Mode, Index Mode or Fixed Rate Mode.**

(a) 2025F Subordinated Bonds in the Term Rate Mode or the Index Mode shall be subject to redemption, in whole or in part (provided that no 2025F Subordinated Bonds shall remain Outstanding in other than Authorized Denominations), on any date on or after the Call Protection Date for each Term Rate Period or Index Rate Period applicable to the 2025F Subordinated Bonds in the Term Rate Mode or Index Mode, at the option of the District at a Redemption Price equal to the principal amount, or portions thereof, of the 2025F Subordinated Bonds to be redeemed, without premium, plus accrued interest, if any, to the Redemption Date.



(b) 2025F Subordinated Bonds in the Term Rate Mode or Fixed Rate Mode with a Term Rate Period or Fixed Rate Period of greater than or equal to ten years are subject to redemption in whole or in part on any date on or after the tenth anniversary of the commencement of the Term Rate Period or Fixed Rate Period (and if in part, in such order of maturity as the District shall specify and within a maturity by lot in any manner which the Trustee deems fair) at a Redemption Price equal to the principal amount, or portions thereof, of the 2025F Subordinated Bonds to be redeemed, without premium, plus accrued interest, if any, to the Redemption Date.

(c) The District, in connection with a change to a Long-Term Mode, may waive or otherwise alter its rights to direct the redemption of any such 2025F Subordinated Bonds so changed to a Long-Term Mode; provided that notice describing the waiver or alteration shall be submitted to the Trustee, together with a Favorable Opinion of Bond Counsel, addressed to it.

(d) Unless a Credit Provider Failure has occurred and is continuing, if a Credit Enhancement is then in effect and the Redemption Price includes any premium, the right of the District to direct an optional redemption of 2025F Subordinated Bonds in a Long-Term Mode is subject to the condition that the Trustee has received, prior to the date on which notice of redemption is required to be given to Owners, either Available Moneys or written confirmation from the Credit Provider that it can draw under the Credit Enhancement on the proposed redemption date in an aggregate amount sufficient to cover the principal of and premium and interest due on the Redemption Date.

**Section 113.04. Optional and Mandatory Redemption of 2025F Subordinated Bonds in the Direct Purchase Index Mode.**

(a) Subject to any limitations, conditions or requirements set forth in the applicable Continuing Covenant Agreement, 2025F Subordinated Bonds in the Direct Purchase Index Mode are subject to optional redemption by the District, in whole or in part (provided that no 2025F Subordinated Bonds shall remain Outstanding in other than Authorized Denominations) on any date, at a Redemption Price equal to the principal amount thereof, plus accrued interest, if any, to the Redemption Date.

(b) 2025F Subordinated Bonds in the Direct Purchase Index Mode are subject to mandatory redemption on the dates, in the amounts and in the manner set forth in the applicable Continuing Covenant Agreement, at a Redemption Price equal to the principal amount thereof, plus accrued interest, if any, to the Redemption Date.

**Section 113.05. Mandatory Sinking Fund Account Redemption of 2025F Subordinated Bonds and Redemption of Liquidity Provider Bonds.**

(a) The 2025F Subordinated Bonds shall be subject to redemption prior to maturity from mandatory sinking fund account payments for the 2025F Subordinated Bonds on the dates, if any, specified in the Sales Certificate, at a Redemption Price equal to the principal amount of the 2025F Subordinated Bonds, or portions thereof, to be redeemed, plus accrued interest, if any, to the Redemption Date, without premium. The mandatory sinking fund account



payments for the 2025F Subordinated Bonds shall be in the amounts and payable on the dates set forth in the Sales Certificate.

(b) Notwithstanding anything herein to the contrary, Liquidity Provider Bonds are subject to redemption on the dates, in the amounts and otherwise in accordance with the terms of the applicable Liquidity Facility or related Reimbursement Agreement.

**Section 113.06. Funds for Redemption of 2025F Subordinated Bonds.** Unless a Credit Provider Failure has occurred and is continuing, if Credit Enhancement is in effect with respect to the 2025F Subordinated Bonds, the Redemption Price of 2025F Subordinated Bonds (other than Liquidity Provider Bonds) shall be paid solely from (1) moneys obtained from a drawing on the Credit Enhancement supporting the 2025F Subordinated Bonds pursuant to Section 114.08(a) or (2) Available Moneys.

**Section 113.07. Selection of 2025F Subordinated Bonds for Redemption.** Whenever provision is made for the redemption of less than all of the 2025F Subordinated Bonds of any one maturity, the Trustee shall select the 2025F Subordinated Bonds to be redeemed, from the Outstanding 2025F Subordinated Bonds of such maturity not previously called for redemption, by lot in any manner which the Trustee deems fair; provided, however, that Liquidity Provider Bonds shall be redeemed prior to the redemption of other 2025F Subordinated Bonds; provided further, however, that during a Direct Purchase Index Rate Period, the 2025F Subordinated Bonds shall be redeemed pro rata. The Trustee shall promptly notify the District in writing of the numbers of the 2025F Subordinated Bonds so selected for redemption.

**Section 113.08. Notice of Redemption.** Notice of redemption shall be mailed by first-class mail by the Trustee, not less than twenty (20) days (ten (10) days in the case of 2025F Subordinated Bonds in the Daily Mode, Weekly Mode, Direct Purchase Index Mode or Flexible Mode) nor more than sixty (60) days prior to the redemption date, to the Holder of any 2025F Subordinated Bond called for redemption, but neither failure to receive such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the 2025F Subordinated Bonds; provided that no notice of redemption shall be required for mandatory redemptions of the 2025F Subordinated Bonds in the Direct Purchase Index Mode. Each notice of redemption shall state the redemption date, the place of redemption and the principal amount of the 2025F Subordinated Bonds to be redeemed, and shall also state that the interest on the 2025F Subordinated Bonds in such notice designated for redemption shall cease to accrue from and after such redemption date and that on said date there will become due and payable on each of said 2025F Subordinated Bonds the principal amount thereof to be redeemed, interest accrued thereon to the redemption date and the premium, if any, thereon (such premium to be specified). Each notice of optional redemption shall also state that redemption is conditioned upon receipt by the Trustee of sufficient funds on the redemption date to pay the Redemption Price of the 2025F Subordinated Bonds to be redeemed.

Notice of optional redemption shall be given by the Trustee for and on behalf of the District, at the written request of the District (which request shall be given to the Trustee (unless waived by the Trustee) at least twenty-five (25) days prior to the date fixed for redemption or such shorter period as is acceptable to the Trustee). Any notice of optional



redemption may be rescinded by written notice given to the Trustee by the District no later than two Business Days prior to the date specified for redemption.

Notwithstanding the foregoing, notice of redemption shall not be required for 2025F Subordinated Bonds redeemed on a Mandatory Purchase Date.

**Section 113.09. Partial Redemption of 2025F Subordinated Bond.** Upon surrender of any 2025F Subordinated Bond redeemed in part only, the District shall execute and the Trustee shall deliver to the registered owner thereof, at the expense of the District, a new 2025F Subordinated Bond or Bonds, of the same maturity, of Authorized Denominations in aggregate principal amount equal to the unredeemed portion of the 2025F Subordinated Bond surrendered.

**Section 113.10. Effect of Redemption.** Notice of redemption having been duly given as aforesaid, and moneys for payment of the Redemption Price being held by the Trustee, the 2025F Subordinated Bonds so to be redeemed shall, on the date designated in such notice, become due and payable at the Redemption Price specified in such notice; and from and after the date so designated interest on the 2025F Subordinated Bonds so designated for redemption shall cease to accrue and the Holders and Beneficial Owners of said 2025F Subordinated Bonds shall have no rights in respect thereof, except to receive payment of the Redemption Price thereof.

**Section 113.11. Disposition of Redeemed 2025F Subordinated Bonds.** All 2025F Subordinated Bonds redeemed pursuant to the provisions of this Article XCV shall be delivered to and cancelled by the Trustee and shall thereafter be delivered by the Trustee to, or upon the order of, the District, and no 2025F Subordinated Bonds shall be issued in place thereof.

## **ARTICLE CXIV**

### **PURCHASE OF 2025F SUBORDINATED BONDS**

**Section 114.01. Optional Tenders of 2025F Subordinated Bonds in the Daily Mode or the Weekly Mode.** Subject to Section 114.06, the Beneficial Owners of 2025F Subordinated Bonds in a Daily Mode or a Weekly Mode may elect to have their 2025F Subordinated Bonds (or portions of those 2025F Subordinated Bonds, provided that no 2025F Subordinated Bonds remain Outstanding in other than Authorized Denominations) purchased on any Business Day at a price equal to the Purchase Price, upon delivery of a Tender Notice to the Trustee by the Tender Notice Deadline. Immediately upon receipt of a Tender Notice, the Trustee shall notify the Remarketing Agent and provide the Remarketing Agent with a copy of such Tender Notice.

**Section 114.02. Mandatory Purchase on Mandatory Purchase Date; Amortization Period During Direct Purchase Index Mode.**

(a) The 2025F Subordinated Bonds shall be subject to mandatory purchase on each Mandatory Purchase Date. The Trustee shall give notice of such mandatory purchase by mail to the Holders of the 2025F Subordinated Bonds subject to mandatory purchase no less than ten (10) days prior to the Mandatory Purchase Date described in clauses (iii), (iv), (v), (viii) and



(x) of the definition of Mandatory Purchase Date and no less than 3 days prior to the Mandatory Purchase Date described in clauses (vi) and (vii) of the definition of Mandatory Purchase Date (provided that in the instance of a Mandatory Purchase Date resulting from clause (iii) of the definition of Bank Purchase Date, no such notice shall be required). No notice shall be given of the Mandatory Purchase Date at the end of each Interest Period for Flexible Rate Bonds. Any notice shall state the Mandatory Purchase Date, the Purchase Price, and that interest on 2025F Subordinated Bonds subject to mandatory purchase shall cease to accrue from and after the Mandatory Purchase Date. The failure to mail such notice with respect to any 2025F Subordinated Bond shall not affect the validity of the mandatory purchase of any other 2025F Subordinated Bond with respect to which notice was so mailed. Any notice mailed will be conclusively presumed to have been given, whether or not actually received by any Holder or Beneficial Owner. The Trustee shall also give a copy of such notice to the Rating Agencies.

(b) Notwithstanding subparagraph (a) above and anything to the contrary in this Nineteenth Supplemental Resolution, in the event the 2025F Subordinated Bonds in the Direct Purchase Index Mode are not purchased or remarketed on a Bank Purchase Date and the conditions precedent to any Amortization Period set forth in the Continuing Covenant Agreement, if any, are satisfied (and if no such conditions precedent are set forth in the Continuing Covenant Agreement, then on the condition that no Event of Default under and as defined in the Continuing Covenant Agreement or the Subordinate Master Resolution has occurred and is continuing), then the 2025F Subordinated Bonds shall be subject to special mandatory redemption on the following terms: (i) the 2025F Subordinated Bonds shall bear interest at the Bank Rate, unless an Event of Default under and as defined in the Continuing Covenant Agreement or the Subordinate Master Resolution has occurred and is continuing, in which case the 2025F Subordinated Bonds shall bear interest at the Default Rate, (ii) interest on the 2025F Subordinated Bonds shall be payable on each Amortization Interest Payment Date, and (iii) the principal of the 2025F Subordinated Bonds shall be payable on each Amortization Principal Payment Date as provided in the Continuing Covenant Agreement. Notwithstanding anything herein to the contrary, during the Amortization Period, the 2025F Subordinated Bonds may be subject to optional redemption or purchase at the sole option of the District at any time with notice as and to the extent provided in the Continuing Covenant Agreement.

#### **Section 114.03. Remarketing of 2025F Subordinated Bonds; Notices.**

(a) Remarketing of 2025F Subordinated Bonds. The Remarketing Agent shall use its best efforts pursuant to the terms and conditions of the Remarketing Agreement to offer for sale:

(i) all 2025F Subordinated Bonds or portions thereof as to which a Tender Notice has been delivered pursuant to Section 114.01; and

(ii) all 2025F Subordinated Bonds required to be purchased on a Mandatory Purchase Date described in clauses (i), (ii), (iii), (iv), (viii) or (ix) of the definition thereof; and

(iii) any Liquidity Provider Bonds (A) purchased on a Purchase Date described in clause (i) or (ii) above, (B) with respect to which the Liquidity Provider has



provided notice to the Trustee and the Remarketing Agent that it has reinstated the Available Amount, (C) with respect to which an Alternate Liquidity Facility and Alternate Credit Enhancement is in effect (if such funds were secured by a Credit Enhancement prior to becoming Liquidity Provider Bonds, which Credit Enhancement is no longer in effect), and/or (D) which are being marketed as Fixed Rate Bonds.

The Remarketing Agent shall not remarket 2025F Subordinated Bonds to the District or any affiliate thereof. In connection with the remarketing of any 2025F Subordinated Bonds with respect to which notice of redemption or notice of mandatory purchase has been given, the Remarketing Agent shall notify each person to which such 2025F Subordinated Bonds are remarketed of such notice of redemption or notice of mandatory purchase.

Anything in this Nineteenth Supplemental Resolution to the contrary notwithstanding, if there shall have occurred and be continuing either a Credit Provider Failure or a Liquidity Provider Failure with respect to a Series of 2025F Subordinated Bonds, the Remarketing Agent shall not remarket such 2025F Subordinated Bonds. All other provisions of this Nineteenth Supplemental Resolution, including without limitation, those relating to the setting of interest rates and Interest Periods and mandatory and optional purchases, shall remain in full force and effect during the continuance of such Credit Provider Failure or Liquidity Provider Failure.

(b) Notice of Remarketing; Registration Instructions; New Bonds. On each date on which a 2025F Subordinated Bond is to be purchased pursuant to this Article XCVI:

(i) the Remarketing Agent shall notify the Trustee by Electronic Means by 11:30 a.m. if it has been unable to remarket any tendered 2025F Subordinated Bonds, and shall include in such notice the principal amount of 2025F Subordinated Bonds it has been unable to remarket;

(ii) the Remarketing Agent shall notify the Trustee by Electronic Means not later than 1:00 p.m. of the names of the purchasers of the successfully remarketed 2025F Subordinated Bonds and such information as may be necessary to register the 2025F Subordinated Bonds and the registration instructions with respect thereto;

(iii) the Remarketing Agent shall cause the proceeds of the remarketing by such Remarketing Agent of tendered 2025F Subordinated Bonds to be paid to the Trustee in immediately available funds not later than 12:00 noon on the Purchase Date for such 2025F Subordinated Bonds; and

(iv) if the 2025F Subordinated Bonds are not in the Book-Entry System, the Trustee shall authenticate new 2025F Subordinated Bonds for the respective purchasers thereof which shall be available for pick-up by the Remarketing Agent not later than 2:30 p.m.

(c) Draw on Liquidity Facility or Request for Funds. On each date on which a 2025F Subordinated Bond is to be purchased pursuant to this Article XCVI, if (i) the Remarketing Agent shall have given notice to the Trustee pursuant to clause (b)(i) above that it



has been unable to remarket any of the 2025F Subordinated Bonds or (ii) the Trustee has not received from the Remarketing Agent an amount sufficient to pay the Purchase Price of tendered Bonds, by 12:00 noon on the Purchase Date, then the Trustee shall draw on the applicable Liquidity Facility (or if no Liquidity Facility, request funds from the District) by 12:15 p.m. in an amount equal to the Purchase Price of all such 2025F Subordinated Bonds which have not been successfully remarketed, requesting payment not later than 2:45 p.m. on the Purchase Date. Subject to Section 114.04, if a Liquidity Facility is in effect, the Trustee shall also give the District notice by 2:45 p.m. on the Purchase Date if it does not have funds in the Remarketing Proceeds Account and the Liquidity Facility Purchase Account sufficient to pay the Purchase Price of 2025F Subordinated Bonds tendered on such Purchase Date. Any draw on a Liquidity Facility to be made on a Substitution Date shall be on the Liquidity Facility being replaced.

**Section 114.04. Source of Funds for Purchase of 2025F Subordinated Bonds.**

By 3:00 p.m. on the date on which a 2025F Subordinated Bond is to be purchased pursuant to this Article XCVI, and except as set forth in Section 114.06(b)(ii), the Trustee shall purchase tendered 2025F Subordinated Bonds from the tendering Holders at the applicable Purchase Price by wire transfer in immediately available funds. Funds for the payment of such Purchase Price shall be derived solely from the following sources in the order of priority indicated and neither the Trustee nor the Remarketing Agent shall be obligated to provide funds from any other source:

- (a) immediately available funds on deposit in the Remarketing Proceeds Account established for the 2025F Subordinated Bonds;
- (b) immediately available funds on deposit in the Liquidity Facility Purchase Account established for the 2025F Subordinated Bonds; and
- (c) moneys of the District on deposit in the District Purchase Account established for the 2025F Subordinated Bonds.

If no Liquidity Facility is in effect with respect to the 2025F Subordinated Bonds, then the District shall be obligated to deposit amounts into the District Purchase Account established for the 2025F Subordinated Bonds sufficient to pay the Purchase Price to the extent that amounts on deposit in the Remarketing Proceeds Account established for the 2025F Subordinated Bonds are insufficient therefor. If a Liquidity Facility is in effect with respect to the 2025F Subordinated Bonds, then the District may, but shall not be obligated to, deposit amounts into the District Purchase Account established for the 2025F Subordinated Bonds sufficient to pay the Purchase Price to the extent that amounts on deposit in the Remarketing Proceeds Account established for the 2025F Subordinated Bonds and the Liquidity Facility Purchase Account established for the 2025F Subordinated Bonds are insufficient therefor. If so specified in the Sales Certificate with respect to the initial Interest Rate Mode or in writing by the District prior to the first day of any subsequent Interest Rate Mode, Index Rate Period or Term Rate Period, the failure of the District to deposit amounts into the District Purchase Account when the District is obligated to deposit such amounts under this Section 114.04 shall constitute an “event of default” under Section 9.01 of the Subordinate Master Resolution.



**Section 114.05. Delivery of Subordinated Bonds.** On each date on which a 2025F Subordinated Bond is to be purchased pursuant to this Article XCVI, such 2025F Subordinated Bond shall be delivered as follows:

(a) 2025F Subordinated Bonds sold by the Remarketing Agent and described in Section 114.04(a) shall be delivered by the Remarketing Agent to the purchasers of such 2025F Subordinated Bonds by 3:00 p.m.;

(b) 2025F Subordinated Bonds purchased by the Trustee with moneys described in Section 114.04(b) shall be registered immediately in the name of the Liquidity Provider or its nominee (which may be the Securities Depository) or as otherwise specified in writing by the Liquidity Provider and held as specified in writing by the Liquidity Provider, in either case on or before 3:00 p.m.; and

(c) 2025F Subordinated Bonds purchased by the District with moneys described in Section 114.04(c) shall be registered immediately in the name of the District or its nominee on or before 3:00 p.m. 2025F Subordinated Bonds so owned by the District shall continue to be Outstanding under the terms of the Subordinate Master Resolution and be subject to all of the terms and conditions of the Subordinate Master Resolution and shall be subject to remarketing by the Remarketing Agent.

When any Liquidity Provider Bonds are remarketed, the Trustee shall not release 2025F Subordinated Bonds so remarketed to the Remarketing Agent until the Trustee has received confirmation that the Liquidity Facility has been reinstated.

**Section 114.06. Book-Entry Tenders.**

(a) Notwithstanding any other provision of this Article XCVI to the contrary, all tenders for purchase during any period in which the 2025F Subordinated Bonds are registered in the name of any Securities Depository or its nominee shall be subject to the terms and conditions set forth in the Representations Letter and to any regulations promulgated by the Securities Depository. During any period that the 2025F Subordinated Bonds are registered in the name of DTC or its nominee, the tender option rights of holders of 2025F Subordinated Bonds may be exercised only by a Direct Participant of DTC acting, directly or indirectly, on behalf of a Beneficial Owner of 2025F Subordinated Bonds by giving notice of its election to tender 2025F Subordinated Bonds or portions thereof at the times and in the manner described above. Beneficial Owners will not have any rights to tender 2025F Subordinated Bonds directly to the Trustee. Procedures under which a Beneficial Owner may direct a Direct Participant or DTC, or an Indirect Participant of DTC acting through a Director Participant of DTC, to exercise a tender option right in respect of 2025F Subordinated Bonds or portions thereof in an amount equal to all or a portion of such Beneficial Owner's beneficial ownership interest therein shall be governed by standing instructions and customary practices determined by such Direct Participant or Indirect Participant. During any period that the 2025F Subordinated Bonds are registered in the name of DTC or its nominee, delivery of 2025F Subordinated Bonds required to be tendered for purchase shall be effected by the transfer by a Direct Participant on the applicable Purchase Date of a book-entry credit to the account of the Trustee of a beneficial ownership interest in such 2025F Subordinated Bonds.



(b) Notwithstanding anything expressed or implied herein to the contrary, during any period that a Book-Entry System for the 2025F Subordinated Bonds is maintained by the District:

(i) there shall be no requirement of physical delivery to or by the Trustee or the Remarketing Agent of:

(1) any 2025F Subordinated Bonds subject to mandatory or optional purchase as a condition to the payment of the Purchase Price therefor;

(2) any 2025F Subordinated Bonds that have become Liquidity Provider Bonds; or

(3) any remarketing proceeds of such 2025F Subordinated Bonds or Liquidity Provider Bonds; and

(ii) except as provided in (iii) below, neither the Trustee nor the Paying Agent shall have any responsibility for paying the Purchase Price of any tendered 2025F Subordinated Bond or for remitting remarketing proceeds to any Person; and

(iii) the Trustee's sole responsibilities in connection with the purchase and remarketing of a tendered 2025F Subordinated Bond shall be to:

(1) draw upon the Liquidity Facility to pay the Purchase Price of 2025F Subordinated Bond in the manner provided herein and to remit the amount so drawn to or upon the order of the Securities Depository for the benefit of the tendering Beneficial Owners; and

(2) remit any proceeds derived from the remarketing of a Liquidity Provider Bond and any unused proceeds from a drawing on the Liquidity Facility to the Liquidity Provider.

**Section 114.07. No Book-Entry System.** During any period that the 2025F Subordinated Bonds shall not be in a Book-Entry System, the following procedures shall be followed:

(a) 2025F Subordinated Bonds shall be delivered (with all necessary endorsements) at or before 12:00 noon on the Purchase Date at the office of the Paying Agent in New York, New York; provided, however, that payment of the Purchase Price shall be made pursuant to this Section only if the 2025F Subordinated Bond so delivered to the Paying Agent conforms in all respects to the description thereof in the notice described in this Section. Payment of the Purchase Price with respect to purchases under this Section shall be made to the Holders of tendered 2025F Subordinated Bonds by wire transfer in immediately available funds by the Paying Agent by 3:00 p.m. on the Purchase Date.

(b) If a 2025F Subordinated Bond to be purchased pursuant to this Article XCVI is not delivered by the Holder to the Paying Agent by 12:00 noon on the date in which such 2025F Subordinated Bond is to be purchased, the Paying Agent shall hold any funds received for the purchase of those 2025F Subordinated Bonds in trust in a separate account and



shall pay such funds to the former Holders of the 2025F Subordinated Bonds upon presentation of the 2025F Subordinated Bonds. Such undelivered 2025F Subordinated Bonds shall cease to accrue interest as to the former Holders on such purchase date and moneys representing the Purchase Price shall be available against delivery of those 2025F Subordinated Bonds at the Principal Office of the Paying Agent; provided, however, that any funds which shall be so held by the Paying Agent and which remain unclaimed by the former Holder of a 2025F Subordinated Bond not presented for purchase for a period of two years after delivery of such funds to the Paying Agent, shall, to the extent permitted by law, upon request in writing by the District and the furnishing of security or indemnity to the Paying Agent's satisfaction, be paid to the District free of any trust or lien and thereafter the former Holder of such 2025F Subordinated Bond shall look only to the District and then only to the extent of the amounts so received by the District without any interest thereon and the Paying Agent shall have no further responsibility with respect to such moneys or payment of the Purchase Price of such 2025F Subordinated Bonds. The Paying Agent shall authenticate a replacement 2025F Subordinated Bond for any undelivered 2025F Subordinated Bond which may then be remarketed by the Remarketing Agent.

(c) The Paying Agent shall hold all 2025F Subordinated Bonds properly tendered to it for purchase hereunder as agent and bailee of, and in escrow for the benefit of, the respective Holders of the 2025F Subordinated Bonds which shall have so tendered such 2025F Subordinated Bonds until moneys representing the Purchase Price of such 2025F Subordinated Bonds shall have been delivered to or for the account of or to the order of such Holders.

#### **Section 114.08. Credit Enhancement and Liquidity Facility.**

(a) While a Credit Enhancement is in effect with respect to the 2025F Subordinated Bonds, the Trustee shall, on the Business Day preceding each Interest Payment Date and Principal Payment Date draw on the Credit Enhancement in accordance with the terms thereof so as to receive thereunder with respect to the 2025F Subordinated Bonds secured by the Credit Enhancement by 1:00 p.m. on said Interest Payment Date and Principal Payment Date, an amount, in immediately available funds, equal to the amount of interest and principal payable on such 2025F Subordinated Bonds on such Interest Payment Date and Principal Payment Date. The proceeds of such draws shall be deposited in a separate account in the Subordinated Bond Interest and Principal Fund and shall be applied to pay principal of and interest on such 2025F Subordinated Bonds prior to the application of any other funds held by the Trustee therefor. Amounts held in such account shall be held uninvested and separate and apart from all other funds and accounts. Such accounts shall at all times be Eligible Accounts.

(b) If a Liquidity Facility is in effect with respect to the 2025F Subordinated Bonds, on each date on which a 2025F Subordinated Bond is to be purchased, the Trustee, by demand given by Electronic Means by 12:15 p.m., shall draw on the Liquidity Facility in accordance with the terms thereof so as to receive thereunder by 2:45 p.m. on such date an amount, in immediately available funds, sufficient, together with the proceeds of the remarketing of such 2025F Subordinated Bonds on such date, to enable the Trustee to pay the Purchase Price in connection therewith. The Trustee shall deposit said proceeds in the Liquidity Facility Purchase Account established for the 2025F Subordinated Bonds pursuant to Section 114.09(b) hereof.



(c) Notwithstanding the foregoing paragraphs of this Section, if the Credit Provider and the Liquidity Provider are the same entity, the Trustee shall not draw on the Credit Enhancement with respect to any payments due or made in connection with Liquidity Provider Bonds. In no event shall the Trustee draw on the Credit Enhancement or Liquidity Facility with respect to any payments made or made in connection with 2025F Subordinated Bonds not covered by the Credit Enhancement or Liquidity Facility or 2025F Subordinated Bonds owned by the District.

(d) The District may provide an Alternate Credit Enhancement or Alternate Liquidity Facility on any day on which 2025F Subordinated Bonds to be secured by such Alternate Credit Enhancement or Alternate Liquidity Facility are subject to redemption at par and not later than the fifth (5th) Business Day prior to the Expiration Date of the Credit Enhancement or Liquidity Facility then in effect and supporting such 2025F Subordinated Bonds. The District shall give the Notice Parties written notice of the proposed substitution of an Alternate Credit Enhancement or Alternate Liquidity Facility no less than two (2) Business Days prior to the date on which the Trustee is required to provide notice of the proposed substitution to the Holders of the 2025F Subordinated Bonds. The Trustee shall give notice of such Substitution Date in accordance with Section 114.02. On or before the Substitution Date there shall be delivered to the Trustee (i) the Alternate Credit Enhancement or the Alternate Liquidity Facility in substitution for the Credit Enhancement or Liquidity Facility then in effect, (ii) a Favorable Opinion of Bond Counsel, (iii) a written Opinion of Counsel for the provider of the Alternate Credit Enhancement or Alternate Liquidity Facility, as applicable, to the effect that such Alternate Credit Enhancement or Alternate Liquidity Facility is a valid, legal and binding obligation of the provider thereof, and (iv) unless waived by such entity, written evidence satisfactory to the Credit Provider and the Liquidity Provider of the provision for purchase from the Liquidity Provider of all Liquidity Provider Bonds, at a price equal to the principal amount thereof plus accrued and unpaid interest, and payment of all amounts due to the Credit Provider and the Liquidity Provider under the applicable Reimbursement Agreement or Liquidity Facility on or before the effective date of such Alternate Credit Enhancement or Alternate Liquidity Facility. Upon the satisfaction of the conditions described in the preceding sentence, the Trustee shall accept such Alternate Credit Enhancement or Alternate Liquidity Facility on the close of business on the Substitution Date and shall surrender the Credit Enhancement or Liquidity Facility then in effect to the provider thereof on the Substitution Date; provided, however, that the Trustee shall not surrender the Credit Enhancement or Liquidity Facility then in effect unless and until the Trustee has received all amounts drawn thereunder. If any condition to the substitution is not satisfied, the substitution shall not occur but the 2025F Subordinated Bonds shall remain subject to mandatory purchase on the proposed Substitution Date.

(e) In the event of an extension of the Expiration Date, the District shall give to the Notice Parties, a written notice of the new Expiration Date at least fifteen (15) days prior to the fifth Business Day prior to the Expiration Date in effect prior to such extension.

(f) The references to Credit Enhancement and Liquidity Facility and Credit Provider and Liquidity Provider shall be disregarded during any period during which a Credit Enhancement or Liquidity Facility, as applicable, is not in effect.



(g) The Trustee shall not have any lien on or security interest in any amounts drawn under a Credit Enhancement or a Liquidity Facility or any amounts on deposit in the account described in Section 114.08(a) above in which proceeds of draws on a Credit Enhancement are deposited or a Liquidity Facility Purchase Account.

(h) If at any time during the term of a Credit Enhancement and/or Liquidity Facility any successor Trustee shall be appointed and qualified under the Subordinate Master Resolution, the resigning or removed Trustee shall request that the Credit Provider and/or Liquidity Provider, as applicable, transfer such Credit Enhancement and/or Liquidity Facility to the successor Trustee and such resignation or removal of the Trustee shall not be effective until the Credit Enhancement and/or Liquidity Facility has been duly transferred (including the payment of any required transfer fee) to such successor Trustee. If the resigning or removed Trustee fails to make this request, the successor Trustee shall do so before accepting appointment.

(i) The Trustee may accept, hold and draw upon a Credit Enhancement and/or a Liquidity Facility issued by itself or by any of its corporate affiliates to provide security and a source of payment for the 2025F Subordinated Bonds. The Trustee covenants that it shall at all times maintain adequate controls to manage any potential conflict of interest. Notwithstanding any other provision herein to the contrary, while the Credit Provider and/or Liquidity Provider is the Trustee or an affiliate of the Trustee and such Credit Provider and/or Liquidity Provider has not failed to honor a properly presented draw on the Credit Enhancement and/or Liquidity Facility, the Trustee shall have no discretion with respect to the acceleration of the 2025F Subordinated Bonds and shall do so only upon the written direction of such Credit Provider and/or Liquidity Provider and as otherwise permitted by the Subordinate Master Resolution. The Trustee shall immediately tender its resignation and take prompt steps to have a successor trustee appointed satisfying the requirements of the Subordinate Master Resolution if such affiliated Credit Provider and/or Liquidity Provider shall fail at any time to honor a properly presented and conforming draw on the Credit Enhancement and/or Liquidity Facility.

**Section 114.09. Purchase Fund.** There is hereby established and there shall be maintained with the Trustee a separate fund to be known as the “Purchase Fund.” The Trustee shall further establish separate accounts within the Purchase Fund to be known as the “Liquidity Facility Purchase Account”, the “Remarketing Proceeds Account” and the “District Purchase Account”. At any time at which there is a Liquidity Facility in effect with respect to the 2025F Subordinated Bonds, the Purchase Fund shall be required to be an Eligible Account.

(a) Remarketing Proceeds Account. Upon receipt of the proceeds of a remarketing of a 2025F Subordinated Bond on the date such 2025F Subordinated Bond is to be purchased, the Trustee shall deposit such proceeds in the Remarketing Proceeds Account for application to the Purchase Price of such 2025F Subordinated Bond. Notwithstanding the foregoing, upon the receipt of the proceeds of a remarketing of Liquidity Provider Bonds, the Trustee shall immediately pay such proceeds to the Liquidity Provider to the extent of any amount owing to the Liquidity Provider.

(b) Liquidity Facility Purchase Account. Upon receipt of the immediately available funds pursuant to Section 114.08(b), the Trustee shall deposit such money in the



Liquidity Facility Purchase Account for application to the Purchase Price of the 2025F Subordinated Bonds to the extent that the moneys on deposit in the Remarketing Proceeds Account shall not be sufficient. Any amounts deposited in the Liquidity Facility Purchase Account and not needed with respect to the Purchase Price of any 2025F Subordinated Bonds shall be immediately returned to the Liquidity Provider.

(c) District Purchase Account. Upon receipt of funds from the District pursuant to Section 114.04, the Trustee shall deposit such funds in the District Purchase Account for application to the Purchase Price of the 2025F Subordinated Bonds. Any amounts deposited in the District Purchase Account and not needed with respect to the Purchase Price for any 2025F Subordinated Bonds shall be immediately returned to the District.

(d) Investment. Amounts held in the Liquidity Facility Purchase Account, the Remarketing Proceeds Account and the District Purchase Account by the Trustee shall be held uninvested and separate and apart from all other funds and accounts.

#### **Section 114.10. Inadequate Funds for Tenders.**

(a) If moneys sufficient to pay the Purchase Price of all Tendered Bonds to be purchased on any Purchase Date are not available (1) no purchase shall be consummated of Tendered Bonds on such Purchase Date; (2) all Tendered Bonds shall be returned to the Holders thereof; and (3) all remarketing proceeds with respect to the 2025F Subordinated Bonds shall be returned to the Remarketing Agent for return to the Persons providing such moneys. Thereafter, the Trustee shall continue to take all such action available to it to obtain remarketing proceeds with respect to all Tendered Bonds from the Remarketing Agent and sufficient other funds from the Liquidity Provider, if any, or, subject to Section 114.04, the District to effect a subsequent successful remarketing or purchase of any Tendered Bonds.

(b) All Tendered Bonds (other than Liquidity Provider Bonds and 2025F Subordinated Bonds in the Direct Purchase Index Mode) shall bear interest at the Maximum Rate (or such lower interest rate or rates specified in the Sales Certificate for the initial Interest Rate Mode or in writing by the District prior to the first day of any subsequent Interest Rate Mode, Index Rate Period or Term Rate Period) during the period of time from and including the applicable Purchase Date to (but not including) the date that all such Tendered Bonds are successfully remarketed, redeemed, purchased or paid (the "Delayed Remarketing Period").

(c) The District may direct the conversion of the Tendered Bonds to a different Interest Rate Mode, Index Rate Period or Term Rate Period during the Delayed Remarketing Period in accordance with Section 112.11 hereof; provided that the District shall not be required to comply with the notice requirements described in Section 112.11.

(d) Subject to the terms of the Remarketing Agreement, if any, the Remarketing Agent shall continue to use its best efforts to remarket all of the Tendered Bonds at rates up to and including the Maximum Rate.

(e) During the Delayed Remarketing Period, the Trustee may, upon direction of the District, apply amounts on deposit in the Redemption Fund to the redemption of such Tendered Bonds, as a whole or in part on any Business Day during the Delayed Remarketing



Period, at a redemption price equal to the principal amount thereof, together with interest accrued thereon to the date fixed for redemption, without premium. Notwithstanding Section 113.08 to the contrary, the Trustee shall give five Business Days' notice of such redemption to the Holders of the 2025F Subordinated Bonds to be redeemed.

(f) During the Delayed Remarketing Period, interest on such Tendered Bonds (other than 2025F Subordinated Bonds in the Direct Purchase Index Mode) shall be paid to the Holders thereof (i) on the first Business Day of each calendar month occurring during the Delayed Remarketing Period and (ii) on the last day of the Delayed Remarketing Period.

## **ARTICLE CXV**

### **REMARKETING AGENT**

#### **Section 115.01. Appointment of Remarketing Agent.**

(a) The Remarketing Agent shall be appointed pursuant to the Remarketing Agreement to remarket 2025F Subordinated Bonds pursuant to this Nineteenth Supplemental Resolution and perform the other duties of the Remarketing Agent described hereunder, and to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the District and the Trustee at all reasonable times. The Remarketing Agent shall act as such under the Remarketing Agreement.

(b) The Remarketing Agent may at any time resign and be discharged of the duties and obligations created by this Nineteenth Supplemental Resolution as set forth in the Remarketing Agreement. The Remarketing Agent may suspend its remarketing efforts as set forth in the Remarketing Agreement. The Remarketing Agent may be removed at any time, at the direction of the District as set forth in the Remarketing Agreement. Any successor Remarketing Agent shall be selected by the District, and shall be a member of the Financial Industry Regulatory Authority, or its successors, shall have a capitalization of at least fifteen million dollars (\$15,000,000), shall be authorized by law to perform all the duties set forth in this Nineteenth Supplemental Resolution and shall be acceptable to the Credit Provider and Liquidity Provider. The District's delivery to the Trustee of a certificate setting forth the effective date of the appointment of a successor Remarketing Agent and the name of such successor shall be conclusive evidence that (i) if applicable, the predecessor Remarketing Agent has been removed in accordance with the provisions of this Nineteenth Supplemental Resolution and (ii) such successor has been appointed and is qualified to act as Remarketing Agent under the terms of this Nineteenth Supplemental Resolution.

(c) If the Remarketing Agent consolidates with, merges or converts into, or transfers all or substantially all of its assets (or, in the case of a bank, national banking association or trust company, its corporate assets) to, another corporation, the resulting, surviving or transferee corporation without any further act shall be the successor Remarketing Agent.



## ARTICLE CXVI

### MISCELLANEOUS

**Section 116.01. 2025F Subordinated Sinking Fund Account; Payments of Interest, Principal and Redemption Price and Defeasance While Credit Enhancement in Effect.**

(a) An account is hereby established within the Subordinated Bonds Interest and Principal Fund to be designated the “Series 2025F Sinking Fund Account.” The Treasurer shall deposit in the Series 2025F Sinking Fund Account the mandatory sinking fund account payments in the amounts, on the mandatory sinking fund account payment dates, set forth in Section 113.05(a) and shall transfer such amounts to the Trustee on such date for application as provided in Section 116.01(b).

(b) On each mandatory sinking fund account payment date established for the 2025F Subordinated Bonds, the Trustee shall apply the mandatory sinking fund account payment required on that date to the redemption (or payment at maturity, as the case may be) of the 2025F Subordinated Bonds for which the mandatory sinking fund account payment has been made, upon the notice and in the manner provided in Section 113.08; provided that, at any time prior to giving such notice of such redemption, the Trustee shall, upon direction of the District, apply such moneys to the purchase of such 2025F Subordinated Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest) as the District may direct, except that the purchase price (excluding accrued interest) shall not exceed the par amount of such 2025F Subordinated Bonds. If, during the twelve-month period immediately preceding said mandatory sinking fund account payment date, the Trustee has purchased 2025F Subordinated Bonds with moneys in the Series 2025F Sinking Fund Account, or, during said period and prior to giving said notice of redemption, the District has deposited 2025F Subordinated Bonds with the Trustee, such 2025F Subordinated Bonds so purchased or deposited or redeemed shall be applied, to the extent of the full principal amount thereof, to reduce said mandatory sinking fund account payment. All 2025F Subordinated Bonds purchased or deposited pursuant to this subsection shall be cancelled and destroyed by the Trustee. All 2025F Subordinated Bonds purchased from the Series 2025F Sinking Fund Account or deposited by the District with the Trustee shall be allocated first to the next succeeding mandatory sinking fund account payment, then to the remaining mandatory sinking fund account payments as selected by the District.

(c) Any moneys remaining in the Series 2025F Sinking Fund Account after all 2025F Subordinated Bonds have been retired shall be returned to the District for any lawful District use.



(d) Notwithstanding the foregoing provisions of this Section 116.01 or Section 5.02 or any other provision of the Subordinate Master Resolution, unless a Credit Provider Failure has occurred and is continuing, if Credit Enhancement is in effect with respect to the 2025F Subordinated Bonds, the principal and Redemption Price of, and interest on, the 2025F Subordinated Bonds shall be paid solely (1) first, from moneys obtained from a drawing on the Credit Enhancement pursuant to Section 114.08(a) and (2) second, in the event moneys are not available pursuant to clause (1) for such purpose for any reason, from Available Moneys and moneys on deposit in the Series 2025F Sinking Fund Account shall be withdrawn by the Trustee and used solely for the purpose of reimbursing the Credit Provider for drawings under the Credit Enhancement. To the extent the Credit Provider honors a drawing under the Credit Enhancement for the purpose of paying the principal or Redemption Price of, or interest on, the 2025F Subordinated Bonds, the District shall receive a credit against its obligation to make deposits into the Subordinated Bonds Interest and Principal Fund and shall not be required to transfer funds to the Trustee in the amount of such drawing.

(e) Notwithstanding the provisions of Article X of the Subordinate Master Resolution, unless a Credit Provider Failure has occurred and is continuing, if Credit Enhancement is in effect with respect to the 2025F Subordinated Bonds, 2025F Subordinated Bonds shall not be deemed defeased or otherwise paid or satisfied unless such 2025F Subordinated Bonds are defeased with (1) moneys obtained from a drawing on the Credit Enhancement pursuant to Section 114.08(a), (2) Available Moneys or (3) Defeasance Securities acquired with moneys described in (1) or (2). Any Defeasance Securities used to defease 2025F Subordinated Bonds for which Credit Enhancement is in effect shall be not callable by the issuer thereof prior to maturity and shall mature no later than the earlier of (x) the first day upon which such 2025F Subordinated Bonds may be tendered or (y) the first day upon which such 2025F Subordinated Bonds may be redeemed. For purpose of Article X of the Subordinate Master Resolution, interest on the 2025F Subordinated Bonds shall be calculated based on an assumed interest rate equal to the Maximum Rate for periods for which the actual interest rate on the 2025F Subordinated Bonds cannot be determined.

**Section 116.02. Form and Execution of 2025F Subordinated Bonds.** The 2025F Subordinated Bonds, and the certificate of authentication and registration to be executed thereon, shall be in substantially the form set forth as Exhibit A to this Nineteenth Supplemental Resolution.

The 2025F Subordinated Bonds shall be executed in the name and on behalf of the District with the manual or facsimile signature of the President or Vice President of its Board of Directors. The 2025F Subordinated Bonds shall then be delivered to the Trustee for authentication by it. In case any officer who shall have signed any of the 2025F Subordinated Bonds shall cease to be such officer of the District before the 2025F Subordinated Bonds so signed shall have been authenticated or delivered by the Trustee or issued by the District, such 2025F Subordinated Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the District as though those who signed the same had continued to be such officer of the District, and also any 2025F Subordinated Bond may be signed on behalf of the District by such person as at the actual date of execution of such 2025F Subordinated Bond shall be the proper officer of the District although at



the nominal date of such 2025F Subordinated Bond any such person shall not have been such officer of the District.

Only such of the 2025F Subordinated Bonds as shall bear thereon a certificate of authentication substantially in the form set forth in Exhibit A to this Nineteenth Supplemental Resolution, manually executed by an authorized signatory of the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of the Subordinate Master Resolution, and such certificate of the Trustee shall be conclusive evidence that the 2025F Subordinated Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of the Subordinate Master Resolution.

**Section 116.03. Issuance of 2025F Subordinated Bonds.** At any time after the adoption of this Nineteenth Supplemental Resolution, the District may execute and deliver the 2025F Subordinated Bonds in the aggregate principal amount set forth in the Sales Certificate. The Trustee shall authenticate and deliver the 2025F Subordinated Bonds upon written order of the District. The proceeds of the sale of the 2025F Subordinated Bonds shall be deposited and applied as set forth in the Sales Certificate.

**Section 116.04. Use of Depository.** Notwithstanding any provision of the Subordinate Master Resolution or this Nineteenth Supplemental Resolution to the contrary:

(a) The 2025F Subordinated Bonds shall be initially issued as provided in Section 112.02; provided, that 2025F Subordinated Bonds in the Direct Purchase Index Mode shall be issued in definitive certificated form registered in the name of the Holder thereof or as otherwise directed by the Holder. 2025F Subordinated Bonds in any other Interest Rate Mode shall be registered in the name of Cede & Co. or as otherwise directed by the Securities Depository and registered ownership thereof, or any portion thereof, may not thereafter be transferred except:

(i) To any successor of DTC or its nominee, or to any substitute depository designated pursuant to clause (ii) of this subsection (a) (“substitute depository”); provided that any successor of DTC or substitute depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(ii) To any substitute depository not objected to by the Trustee, upon (1) the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or (2) a determination by the District that DTC or its successor (or any substitute depository or its successor) is no longer able to carry out its functions as depository; provided that any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(iii) To any person as provided below, upon (1) the resignation of DTC or its successor (or substitute depository or its successor) from its functions as depository; provided that no substitute depository which is not objected to by the Trustee can be obtained or (2) a determination by the District that it is in the best interests of the District to remove DTC or its successor (or any substitute depository or its successor) from its functions as depository.



(b) In the case of any transfer pursuant to clause (i) or clause (ii) of subsection 116.04(a) hereof, upon receipt of all outstanding 2025F Subordinated Bonds by the Trustee, together with a Certificate of the District to the Trustee, a single new 2025F Subordinated Bond shall be executed and delivered for each maturity of 2025F Subordinated Bonds then outstanding registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such Certificate of the District. In the case of any transfer pursuant to clause (iii) of subsection 116.04(a) hereof, upon receipt of all outstanding 2025F Subordinated Bonds by the Trustee together with a Certificate of the District to the Trustee, new 2025F Subordinated Bonds shall be executed and delivered in such denominations and registered in the names of such persons as are requested in such a Certificate of the District, subject to the limitations of Section 116.04(a) hereof, provided the Trustee shall not be required to deliver such new 2025F Subordinated Bonds within a period less than 60 days from the date of receipt of such a Certificate of the District. Subsequent to any transfer pursuant to clause (iii) of subsection 116.04(a) hereof, the 2025F Subordinated Bonds shall be transferred as provided in Article II of the Subordinate Master Resolution.

(c) In the case of partial redemption or an advance refunding of the 2025F Subordinated Bonds evidencing all or a portion of the principal maturing in a particular year, DTC shall make an appropriate notation on the 2025F Subordinated Bonds indicating the date and amounts of such reduction in principal. The Trustee shall incur no liability for the failure or any error by DTC in making such notation and the records of the Trustee shall be determinative of the outstanding principal amount of 2025F Subordinated Bonds.

(d) The District and the Trustee shall be entitled to treat the person in whose name any 2025F Subordinated Bond is registered as the Bondholder thereof for all purposes of the Subordinate Master Resolution and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the District; and the District and the Trustee shall have no responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with, any Beneficial Owners of the 2025F Subordinated Bonds. Neither the District nor the Trustee will have any responsibility or obligations, legal or otherwise, to the Beneficial Owners or to any other party including DTC or its successor (or substitute depository or its successor), except for the Holder of any 2025F Subordinated Bond.

(e) During any period that the Outstanding 2025F Subordinated Bonds are registered in the name of Cede & Co. or its registered assigns, the District and the Trustee (to the extent funds are provided to it by the District) shall cooperate with Cede & Co., as sole registered Bondholder, and its registered assigns, in effecting payment of the principal of and redemption premium, if any, and interest on the 2025F Subordinated Bonds by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available on the date they are due.

#### **Section 116.05. Tax Covenants.**

(a) The District shall at all times do and perform all acts and things permitted by law which are necessary or desirable in order to assure that interest paid on the 2025F Subordinated Bonds (or any of them) will be excluded from gross income for federal income tax purposes and shall take no action that would result in such interest not being excluded from gross



income for federal income tax purposes. Without limiting the generality of the foregoing, the District agrees to comply with the provisions of the 2025 Tax Certificate. This covenant shall survive payment in full or defeasance of the 2025F Subordinated Bonds.

(b) Without limiting the generality of the foregoing, the District agrees that there shall be paid from time to time all amounts required to be rebated to the United States of America pursuant to Section 148(f) of the Internal Revenue Code of 1986 (the “Code”) and any temporary, proposed or final United States Treasury Regulations as may be applicable to the 2025F Subordinated Bonds from time to time (the “Rebate Requirement”). The District specifically covenants to pay or cause to be paid the Rebate Requirement as provided in the 2025 Tax Certificate to the United States of America from any Net Subordinate Revenues lawfully available to the District. This covenant shall survive payment in full or defeasance of the 2025F Subordinated Bonds. Capitalized terms in this Section not otherwise defined in the Subordinate Master Resolution or this Nineteenth Supplemental Resolution shall have the meanings ascribed to them in the 2025 Tax Certificate.

(c) The District shall establish, maintain and hold in trust a fund separate from any other fund established and maintained hereunder designated the Rebate Fund. The District shall cause to be deposited in the Rebate Fund the Rebate Requirement as provided in the 2025 Tax Certificate. Subject to the provisions of this Section, moneys held in the Rebate Fund are hereby pledged to secure payments to the United States government, and the District and the Bondholders shall have no rights in or claim to such moneys.

(d) In accordance with the 2025 Tax Certificate, the District shall remit part or all of the balance held in the Rebate Fund to the United States government as so directed.

(e) Notwithstanding any provision of this Section, if the District shall obtain an opinion of counsel of recognized national standing in the field of obligations the interest on which is excluded from gross income for purposes of federal income taxation to the effect that any specified action required under this Section is no longer required, or to the effect that some different action is required, to maintain the exclusion from gross income of the interest on the 2025F Subordinated Bonds under Section 103 of the Code, the District may rely conclusively on such opinion in complying with the provisions hereof, and the agreements and covenants hereunder shall be deemed to be modified to that extent without the necessity of an amendment of the Subordinate Master Resolution or this Nineteenth Supplemental Resolution or the consent at any time of the Bondholders.

#### **Section 116.06. Rights of Credit Provider.**

(a) Unless a Credit Provider Failure has occurred and is continuing, the Credit Provider shall be deemed the sole Holder of the 2025F Subordinated Bonds for the purpose of directing the Trustee with respect to the exercise of remedies and the declaration or waiver of Events of Default pursuant to Article IX of the Subordinate Resolution.

(b) Unless a Credit Provider Failure has occurred and is continuing, the Subordinate Master Resolution and this Nineteenth Supplemental Resolution shall not be amended without the written consent of the Credit Provider.



(c) Unless a Credit Provider Failure has occurred and is continuing, the District shall not appoint a successor Remarketing Agent or Trustee without the written consent of the Credit Provider.

**Section 116.07. Limitations on Rights of Trustee.**

(a) Proceeds of drawings on the Credit Enhancement and the Liquidity Facility and moneys on deposit in the Purchase Fund shall be used solely for the purposes set forth herein, and the Trustee shall have no lien on such proceeds or money, nor shall such proceeds or moneys be used for, the payment of the fees and/or expenses of the Trustee.

(b) The Trustee shall draw on the Credit Enhancement and the Liquidity Facility at the times and in the manner provided herein and therein and shall have no right to seek or obtain indemnification from the District, the Holders or any other party as a condition of making any such drawing.

**Section 116.08. Terms of 2025F Subordinated Bonds Subject to the Subordinate Master Resolution.**

(a) Except as in this Nineteenth Supplemental Resolution expressly provided, every term and condition contained in the Subordinate Master Resolution shall apply to this Nineteenth Supplemental Resolution and to the 2025F Subordinated Bonds with the same force and effect as if the same were herein set forth at length, with such omissions, variations and modifications thereof as may be appropriate to make the same conform to this Nineteenth Supplemental Resolution.

(b) This Nineteenth Supplemental Resolution and all the terms and provisions herein contained shall form part of the Subordinate Master Resolution as fully and with the same effect as if all such terms and provisions had been set forth in the Subordinate Master Resolution. The Subordinate Master Resolution is hereby ratified and confirmed and shall continue in full force and effect in accordance with the terms and provisions thereof, as supplemented and amended hereby.

**Section 116.09. Resolution of Trust to Remain in Effect.** Save and except as supplemented by this Nineteenth Supplemental Resolution, the Subordinate Master Resolution shall remain in full force and effect.

**Section 116.10. Notice to Rating Agencies.** (a) The District shall provide or cause to be provided prompt notice of the following events to the Rating Agencies, if any:

(1) the expiration, termination, extension or substitution of any Credit Enhancement or Liquidity Facility relating to the 2025F Subordinated Bonds;

(2) any optional redemption (as a whole or in part), mandatory purchase or acceleration of the 2025F Subordinated Bonds;

(3) any Conversion of the 2025F Subordinated Bonds;



(4) any amendment, modification or supplement of or to the Subordinate Master Resolution or any Credit Enhancement or Liquidity Facility relating to the 2025F Subordinated Bonds (which notice shall be provided or caused to be provided at least ten days prior to the effective date thereof);

(5) any change in the party instructed to draw on any Credit Enhancement or Liquidity Facility relating to the 2025F Subordinated Bonds;

(6) any removal or resignation of the Trustee or the Remarketing Agent; or

(7) any legal defeasance of the 2025F Subordinated Bonds.

(b) The District and the Trustee shall provide or cause to be provided to the Rating Agencies any information reasonably requested by such Rating Agency to maintain its rating, if any, on the 2025F Subordinated Bonds.

**Section 116.11. Continuing Disclosure.** The District hereby covenants and agrees that it will comply with and carry out all of the provisions of any Continuing Disclosure Agreement executed in connection with the 2025F Subordinated Bonds. Notwithstanding any other provision of the Subordinate Master Resolution or this Nineteenth Supplemental Resolution, failure of the District to comply with any such Continuing Disclosure Agreement shall not be considered an Event of Default; however, the Trustee shall, at the written request of any Participating Underwriter (as defined in any such Continuing Disclosure Agreement) or the Holders of at least 25% aggregate principal amount of Outstanding 2025F Subordinated Bonds upon receipt of indemnity satisfactory to the Trustee or any Holder of 2025F Subordinated Bonds or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Section. For purposes of this Section, “Beneficial Owner” means any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any 2025F Subordinated Bonds (including persons holding 2025F Subordinated Bonds through nominees, depositories or other intermediaries).

**Section 116.12. Designation of Credit Provider and Liquidity Provider Reimbursement Obligations as Parity Subordinated Debt; Authorization and Issuance of Revolving Notes.** For the avoidance of doubt, the District hereby designates as Parity Subordinated Debt, secured by the pledge of Net Subordinated Revenues made by the District pursuant to Section 5.01 of the Subordinate Master Resolution on the same basis as the Subordinated Bonds and all other Parity Subordinated Debt as provided in the Subordinate Master Resolution, any and all obligations of the District pursuant to any Credit Enhancement, Liquidity Facility, or Reimbursement Agreement to reimburse each Credit Provider or Liquidity Provider for drawings or other advances on or pursuant to the related Credit Enhancement or Liquidity Facility, including, without limitation, any accrued interest on such drawings or advances, all as set forth in the related Credit Enhancement, Liquidity Facility, or Reimbursement Agreement (collectively, the “Reimbursement Obligations”). In order to more fully evidence the Reimbursement Obligations as Parity Subordinated Debt, the Board hereby authorizes the issuance from time to time of one or more revenue bonds pursuant to the Act in substantially the form of and with the terms stated in the form of the revolving note set forth as



Exhibit B to this Nineteenth Supplemental Resolution (each a “Revolving Note”), but the delivery of such Revolving Note shall not be required to secure such Reimbursement Obligations as Parity Subordinated Debt. At the time of each delivery of a Credit Enhancement or Liquidity Facility pursuant to the terms of this Nineteenth Supplemental Resolution, the District may deliver a Revolving Note to the related Credit Provider or Liquidity Provider with a stated amount equal to the Available Amount under such Credit Enhancement or Liquidity Facility and with all blanks and brackets filled in as appropriate and with such other changes as may be necessary or appropriate to conform to the terms of such Credit Enhancement, Liquidity Facility, or Reimbursement Agreement.

Approved: May 15, 2025

INTRODUCED: DIRECTOR ROSE				
SECONDED: DIRECTOR HERBER				
DIRECTOR	AYE	NO	ABSTAIN	ABSENT
FISHMAN	X			
ROSE	X			
BUI-THOMPSON	X			
HERBER	X			
KERTH	X			
TAMAYO	X			
SANBORN	X			



**EXHIBIT A**

**FORM OF 2025F SUBORDINATED BOND**

[TO BE CONFORMED TO SALES CERTIFICATE]

No. R-\_\_\_\_\_ \$ \_\_\_\_\_

**SACRAMENTO MUNICIPAL UTILITY DISTRICT  
SUBORDINATED ELECTRIC REVENUE BOND  
2025 SERIES F**

<u>Maturity</u>	<u>Interest Per Annum</u>	<u>Date</u>	<u>CUSIP</u>
_____, 20__	Variable	_____, 2025	

REGISTERED OWNER: \_\_\_\_\_

PRINCIPAL AMOUNT: \_\_\_\_\_ DOLLARS

SACRAMENTO MUNICIPAL UTILITY DISTRICT, a municipal utility district duly organized and existing under and pursuant to the laws of the State of California (the “District”), for value received, hereby promises to pay (but only out of the Net Subordinated Revenues hereinafter referred to) to the registered owner named above or registered assigns, on the maturity date specified above, the principal sum specified above together with interest thereon from \_\_\_\_\_, 2025, until the principal hereof shall have been paid, at the interest rates per annum determined as set forth below, payable on each Interest Payment Date, as defined below. The principal of and premium, if any, and interest on the 2025F Subordinated Bonds, as defined below, shall be payable in lawful money of the United States of America. Interest on the 2025F Subordinated Bonds shall be paid on each Interest Payment Date, as defined below, by the Paying Agent during a Daily Mode, Weekly Mode, Term Rate Mode, Index Mode or Fixed Rate Mode, by check mailed on the date on which due to the Holders of the 2025F Subordinated Bonds at the close of business on the Record Date for the 2025F Subordinated Bonds in respect of such Interest Payment Date at the registered addresses of the Holders of the 2025F Subordinated Bonds as shall appear on the registration books of the Trustee. In the case of (i) 2025F Subordinated Bonds in a Direct Purchase Index Mode or Flexible Mode or (ii) any Holder of 2025F Subordinated Bonds in any Interest Rate Mode other than a Direct Purchase Index Mode or Flexible Mode in an aggregate principal amount in excess of \$1,000,000 as shown on the registration books of the Trustee who, prior to the Record Date for the 2025F Subordinated Bonds next preceding any Interest Payment Date, shall have provided the Paying Agent with written wire transfer instructions, interest payable on such 2025F Subordinated Bonds shall be paid on each Interest Payment Date in accordance with the wire transfer instructions provided by the Holder of such 2025F Subordinated Bond; provided, however, that during any Flexible Rate Period, except for 2025F Subordinated Bonds registered in the name of the Securities Depository



(or its nominee), interest on any such 2025F Subordinated Bond shall be payable only upon surrender of such 2025F Subordinated Bond at the office of the Paying Agent. The principal of and premium, if any, on each 2025F Subordinated Bond shall be payable on the Principal Payment Date of such 2025F Subordinated Bond upon surrender thereof at the office of the Paying Agent, subject to the terms of the Nineteenth Supplemental Resolution, as defined below.

This Bond is one of a duly authorized issue of Sacramento Municipal Utility District Subordinated Electric Revenue Bonds (hereinafter called the “Subordinated Bonds”) designated as Subordinated Electric Revenue Bonds, 2025 Series F (the “2025F Subordinated Bonds”). The Subordinated Bonds are not limited in aggregate principal amount, except as otherwise provided in the Subordinate Resolution hereinafter mentioned, and consist or may consist of one or more series of varying denominations, dates, maturities, interest rates and other provisions, as in said Subordinate Resolution provided, all issued and to be issued pursuant to the provisions of the Revenue Bond Law of 1941 as made applicable by Article 6a of Chapter 6, Division 6, of the California Public Utilities Code and Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (hereinafter called the “Act”). This 2025F Subordinated Bond is issued pursuant to Resolution No. 85-11-1 of the District, adopted November 7, 1985, providing for the issuance of the Subordinated Bonds, as amended and restated by Resolution No. 01-06-10 of the District, adopted on June 21, 2001 (as amended and restated, the “Subordinate Master Resolution”), and as supplemented and amended by resolutions to date, including by a Nineteenth Supplemental Resolution, adopted May 15, 2025, authorizing the issuance of the 2025F Subordinated Bonds (said resolution as amended, restated and supplemented and the Nineteenth Supplemental Resolution being hereinafter collectively called the “Subordinate Resolution”). Reference is hereby made to the Subordinate Resolution and the Act for a description of the terms on which the Subordinated Bonds are issued and to be issued, the provisions with regard to the nature and extent of the Revenues, as that term is defined in the Subordinate Resolution, and the rights of the registered owners of the Subordinated Bonds; and all the terms of the Subordinate Resolution and the Act are hereby incorporated herein and constitute a contract between the District and the registered owner from time to time of this 2025F Subordinated Bond, and to all the provisions thereof the registered owner of this 2025F Subordinated Bond, by its acceptance hereof, consents and agrees. Additional bonds may be issued on a parity with the Subordinated Bonds of this authorized issue, but only subject to the conditions and limitations contained in the Subordinate Resolution. Capitalized terms used, but not defined herein shall have the meaning given such terms in the Subordinate Resolution.

The Subordinated Bonds and the interest thereon, together with the Parity Subordinated Debt (as defined in the Subordinate Resolution) heretofore or hereafter issued by the District, and the interest thereon, are payable from, and are secured by a charge and lien on, the Net Subordinated Revenues derived by the District from the Electric System (as those terms are defined in the Subordinate Resolution). The District covenants and warrants that for the payment of the Subordinated Bonds, and interest thereon, there have been created and will be maintained by the District special funds into which there shall be deposited from Net Subordinated Revenues available for that purpose sums sufficient to pay the principal of, and interest on, all of the Subordinated Bonds, as such principal and interest become due, and as an irrevocable charge the District has allocated Net Subordinated Revenues to such payment, all in accordance with the Subordinate Resolution.



The Subordinated Bonds, including the 2025F Subordinated Bonds, are expressly subordinated in right of payment to the prior payment in full of all Parity Bonds, as that term is defined in Resolution No. 6649 of the District, adopted on January 7, 1971 (the “Senior Bond Resolution”), including the District’s Electric Revenue Bonds. The holder of this 2025F Subordinated Bond, by acceptance hereof, authorizes and directs the Trustee on its behalf to take such action as may be necessary or appropriate to effectuate the subordination provided in this paragraph and in the Subordinate Resolution and appoints the Trustee its attorney-in-fact for any and all such purposes.

The Subordinated Bonds are special obligations of the District, and are payable, both as to principal and interest, out of the Net Subordinated Revenues pertaining to the Electric System, and not out of any other fund or moneys of the District. No holder of this Bond shall ever have the right to compel any exercise of the taxing power of the District to pay this Bond or the interest hereon.

The term of the 2025F Subordinated Bonds will be divided into consecutive Interest Periods during each of which the 2025F Subordinated Bonds shall bear interest at a Flexible Rate or Flexible Rates, a Daily Rate, a Weekly Rate, a Direct Purchase Index Rate, a Term Rate, an Index Rate or a Fixed Rate or Fixed Rates. The 2025F Subordinated Bonds shall initially bear interest at a Term Rate for an initial Term Rate Period ending on [\_\_\_\_\_, 20\_\_]. The Interest Rate Mode, Term Rate Period, Index Rate Period and Direct Purchase Index Rate Period for the 2025F Subordinated Bonds thereafter may be changed from time to time as provided in the Subordinate Resolution. As hereinafter described, the 2025F Subordinated Bonds are subject to mandatory purchase on any Conversion Date.

Interest on the 2025F Subordinated Bonds is to be paid on: (i) with respect to Flexible Rate Bonds, each Mandatory Purchase Date applicable thereto; (ii) with respect to 2025F Subordinated Bonds in the Daily Mode, Weekly Mode, Direct Purchase Index Mode or Index Mode, the first Business Day of each month; (iii) with respect to 2025F Subordinated Bonds in a Term Rate Mode or Fixed Rate Mode, each [\_\_\_\_\_] and [\_\_\_\_\_] (beginning with the first such day specified (a) in the Sales Certificate in connection with the initial issuance of the 2025F Subordinated Bonds or (b) in writing by the District in connection with the Conversion Date to such Term Rate Mode or Fixed Rate Mode, as applicable); (iv) (without duplication as to any Interest Payment Date listed above) any Mandatory Purchase Date; (v) (without duplication as to any Interest Payment Date listed above) each Maturity Date; and (vi) with respect to any Liquidity Provider Bonds, as provided in the applicable Reimbursement Agreement or Liquidity Facility (each an “Interest Payment Date”).

The interest rate on the 2025F Subordinated Bonds shall be determined as follows:

Determination of Flexible Rates and Interest Periods During Flexible Mode. An Interest Period for the Flexible Rate Bonds shall be of such duration of from one to 270 calendar days, ending on either a day which immediately precedes a Business Day or the day immediately preceding the Maturity Date, as the Remarketing Agent shall determine in accordance with the provisions of this Section. A Flexible Rate Bond may have an Interest Period, and bear interest at a Flexible Rate, different than another Flexible Rate Bond. In making the determinations with respect to Interest Periods, subject to limitations imposed by the second preceding sentence and



in Section 112.04 of the Nineteenth Supplemental Resolution, on each Rate Determination Date for a Flexible Rate Bond, the Remarketing Agent shall select for such 2025F Subordinated Bond the Interest Period which would result in the Remarketing Agent being able to remarket such 2025F Subordinated Bond at par in the secondary market at the lowest average interest cost for all 2025F Subordinated Bonds; provided, however, that if the Remarketing Agent has received notice from the District that such 2025F Subordinated Bonds are to be changed from the Flexible Mode to any other Interest Rate Mode, the Remarketing Agent shall select Interest Periods which do not extend beyond the proposed Conversion Date.

Except while the 2025F Subordinated Bonds are registered in a Book-Entry System, in order to receive payment of the Purchase Price the Holder of any Flexible Rate Bond must present such Flexible Rate Bond to the Trustee, by 12:00 noon on the Rate Determination Date, in which case the Trustee shall pay the Purchase Price to such Holder by 3:00 p.m. on the same day.

By 1:00 p.m. on each Rate Determination Date, the Remarketing Agent, with respect to each Flexible Rate Bond which is subject to adjustment on such date, shall determine the Flexible Rate(s) for the Interest Periods then selected for such Flexible Rate Bond and shall give notice by Electronic Means to the Paying Agent and the District of the Interest Period, the Purchase Date(s) and the Flexible Rate(s). The Remarketing Agent shall make the Flexible Rate and Interest Period available after 2:00 p.m. on each Rate Determination Date by telephone or Electronic Means to the Trustee or any other Paying Agent without request, and to any Beneficial Owner or Notice Party requesting such information.

Determination of Interest Rates During the Daily Mode and the Weekly Mode. The interest rate for 2025F Subordinated Bonds in the Daily Mode or Weekly Mode shall be the rate of interest per annum determined by the Remarketing Agent on and as of the applicable Rate Determination Date as the minimum rate of interest which, in the opinion of the Remarketing Agent under then-existing market conditions, would result in the sale of such 2025F Subordinated Bonds in the Daily Rate Period or Weekly Rate Period, as applicable, at a price equal to the principal amount thereof, plus interest, if any, accrued through the Rate Determination Date during the then current Interest Accrual Period.

During the Daily Mode, the Remarketing Agent shall establish the Daily Rate by 10:00 a.m. on each Rate Determination Date. The Daily Rate for any day during the Daily Mode which is not a Business Day shall be the Daily Rate established on the immediately preceding Rate Determination Date. The Remarketing Agent shall make the Daily Rate available no less frequently than once per week by Electronic Means to each Notice Party requesting such rate.

During the Weekly Mode, the Remarketing Agent shall establish the Weekly Rate by 4:00 p.m. on each Rate Determination Date. The Weekly Rate shall be in effect during the applicable Weekly Rate Period. The Remarketing Agent shall make the Weekly Rate available after 5:00 p.m. on the Business Day following the Rate Determination Date by Electronic Means to each Notice Party requesting such rate.

Term Rates. The Term Rate shall be determined by the Remarketing Agent not later than 4:00 p.m. on the Rate Determination Date. The Term Rate shall be the minimum rate which, in



the sole judgment of the Remarketing Agent, would result in a sale of such 2025F Subordinated Bonds at a price equal to the principal amount thereof on the Rate Determination Date for the Interest Period selected by the District in writing delivered to the Remarketing Agent before such Rate Determination Date. No Interest Period in the Term Rate Mode may extend beyond the Maturity Date. The Remarketing Agent shall make the Term Rate available by telephone or Electronic Means after 5:00 p.m. on the Rate Determination Date to any Notice Party requesting such Term Rate. Upon request of any Notice Party, the Paying Agent shall give notice of such rate by Electronic Means.

Fixed Rates. The Remarketing Agent shall determine the Fixed Rate for 2025F Subordinated Bonds being converted to the Fixed Rate Mode in the manner and at the times as follows: not later than 4:00 p.m. on the applicable Rate Determination Date, the Remarketing Agent shall determine the Fixed Rate (or Fixed Rates, if such 2025F Subordinated Bonds will have Serial Maturity Dates in accordance with Section 112.11(b)(v) of the Nineteenth Supplemental Resolution). Except as set forth in Section 112.11(b)(v) of the Nineteenth Supplemental Resolution, the Fixed Rate shall be the minimum interest rate which, in the sole judgment of the Remarketing Agent, will result in a sale of such 2025F Subordinated Bonds at a price equal to the principal amount thereof on the Rate Determination Date. The Remarketing Agent shall make the Fixed Rate available by telephone or by Electronic Means after 5:00 p.m. on the Rate Determination Date to any Notice Party requesting such Fixed Rate. Upon request of any Notice Party, the Paying Agent shall give notice of such Fixed Rate by Electronic Means. Subject to Section 112.11(b)(v) of the Nineteenth Supplemental Resolution, the Fixed Rate so established shall remain in effect until the Maturity Date of such 2025F Subordinated Bonds.

Alternate Rates. The following provisions shall apply in the event (i) the Remarketing Agent fails or is unable to determine the interest rate or Interest Period for 2025F Subordinated Bonds (other than 2025F Subordinated Bonds in the Direct Purchase Index Mode, the Index Mode or the Term Rate Mode), (ii) the method by which the Remarketing Agent determines the interest rate or Interest Period with respect to 2025F Subordinated Bonds in any Interest Rate Mode other than the Direct Purchase Index Mode, the Index Mode or the Term Rate Mode shall be held to be unenforceable by a court of law of competent jurisdiction or (iii) other than with respect to 2025F Subordinated Bonds in the Direct Purchase Index Mode, the Index Mode or the Term Rate Mode, if the Remarketing Agent suspends its remarketing effort in accordance with the Remarketing Agreement. These provisions shall continue to apply until such time as the Remarketing Agent again makes such determinations. In the case of clause (ii) above, the Remarketing Agent shall again make such determination at such time as there is delivered to the Remarketing Agent and the District an opinion of Bond Counsel to the effect that there are no longer any legal prohibitions against such determinations. The following shall be the methods by which the interest rates and, in the case of the Flexible Rate Mode, the Interest Periods, shall be determined for 2025F Subordinated Bonds as to which any of the events described in clauses (i), (ii) or (iii) shall be applicable. Such methods shall be applicable from and after the date any of the events described in clauses (i), (ii) or (iii) first become applicable to such 2025F Subordinated Bonds until such time as the events described in clauses (i), (ii) or (iii) are no longer applicable to such 2025F Subordinated Bonds.

For Flexible Rate Bonds, the next Interest Period shall be from, and including, the first day following the last day of the current Interest Period for such Flexible Rate Bonds to, but



excluding, the next succeeding Business Day and thereafter shall commence on each Business Day and extend to, but exclude, the next succeeding Business Day. For each such Interest Period, the interest rate for such 2025F Subordinated Bonds shall be the applicable Alternate Rate in effect on the Business Day that begins an Interest Period.

For 2025F Subordinated Bonds in the Daily Mode or the Weekly Mode, such 2025F Subordinated Bonds shall bear interest during each subsequent Interest Period at the Alternate Rate in effect on the first day of such Interest Period.

Direct Purchase Index Rates.

(a) During each Direct Purchase Index Rate Period, the 2025F Subordinated Bonds shall, subject to subparagraph (b) below, bear interest at the Direct Purchase Index Rate. The Calculation Agent shall determine the Direct Purchase Index Rate on each Direct Purchase Index Rate Determination Date occurring during any Direct Purchase Index Rate Period. The Direct Purchase Index Rate shall be the sum of (i) the product of the Direct Purchase Index multiplied by the Applicable Factor, plus (ii) the Applicable Spread. Each Direct Purchase Index Rate shall be effective, and interest shall accrue on the 2025F Subordinated Bonds at such Direct Purchase Index Rate each day during the applicable Direct Purchase Index Rate Effective Period. On or before any Conversion Date upon which a Direct Purchase Index Rate Period will begin, the District shall designate the Direct Purchase Index to be in effect during such Direct Purchase Index Rate Period. The Applicable Factor and Applicable Spread for a Direct Purchase Index Rate Period shall be determined by the Market Agent such that the applicable Direct Purchase Index Rate shall be the interest rate per annum (based upon tax exempt obligations comparable, in the judgment of the Market Agent, to the 2025F Subordinated Bonds and known to the Market Agent to have been priced or traded under the prevailing market conditions) to be the minimum interest rate at which a Person will agree to purchase the 2025F Subordinated Bonds on the Conversion Date at a price (without regard to accrued interest) equal to the principal amount thereof. Unless otherwise specified in the Continuing Covenant Agreement applicable to a Direct Purchase Index Rate Period, the Direct Purchase Index Rate shall be rounded to the nearest fifth decimal place. Promptly following the determination of the Direct Purchase Index Rate, the Calculation Agent shall give notice thereof to the District, the Trustee and the Paying Agent. If the Direct Purchase Index Rate is not determined by the Calculation Agent on the Direct Purchase Index Rate Determination Date, the rate of interest born on such 2025F Subordinated Bonds bearing interest at a Direct Purchase Index Rate shall be the rate in effect on the immediately preceding Direct Purchase Index Rate Reset Date until the Calculation Agent next determines the Direct Purchase Index Rate as required hereunder.

(b) Adjustments to Direct Purchase Index Rates.

(i) Taxable Rate. Notwithstanding anything in the Subordinate Resolution to the contrary, including, without limitation, Section 114.02(b) thereof, but subject to Section 112.04(c) and Section 112.09(b)(ii) and (iii) thereof, from and after any Taxable Date, the interest rate on 2025F Subordinated Bonds in a Direct Purchase Index Mode shall be established at a rate at all times equal to the Taxable Rate.



(ii) Default Rate. Notwithstanding anything in the Subordinate Resolution to the contrary, including, without limitation, Section 114.02(b) thereof, but subject to Section 112.04(c) and Section 112.09(b)(iii) thereof, from and after the effective date of any “Event of Default” under and as defined in the Continuing Covenant Agreement or the Subordinate Master Resolution and during the continuance thereof, the interest rate for 2025F Subordinated Bonds in a Direct Purchase Index Mode shall be established at a rate at all times equal to the greater of (A) the Default Rate and (B) the interest rate that otherwise would be applicable to the 2025F Subordinated Bonds but for the provisions of this paragraph, payable on demand to the Bank. Interest shall accrue and be paid on both defaulted interest and defaulted principal.

(iii) Excess Interest. Notwithstanding anything in the Subordinate Resolution to the contrary, if during a Direct Purchase Index Mode the rate of interest on the 2025F Subordinated Bonds exceeds the Maximum Rate for such 2025F Subordinated Bonds, then (A) such 2025F Subordinated Bonds shall bear interest at the Maximum Rate and (B) interest on such 2025F Subordinated Bonds calculated at the rate equal to the difference between (1) the rate of interest for such 2025F Subordinated Bonds as otherwise calculated pursuant to the above provisions and (2) the Maximum Rate (the “Excess Interest”) shall be deferred until such date as the rate of interest borne by such 2025F Subordinated Bonds as otherwise calculated pursuant to the above provisions is below the Maximum Rate, at which time Excess Interest shall be payable with respect to such 2025F Subordinated Bonds. Payments of deferred Excess Interest shall no longer be due and payable upon the earlier to occur of the date on which such 2025F Subordinated Bonds are redeemed or tendered for purchase in accordance with the Nineteenth Supplemental Resolution and the redemption price or purchase price, as applicable, is paid in full or the principal of and interest on such 2025F Subordinated Bonds is otherwise paid in full.

(iv) Amortization Period. Notwithstanding anything in the Subordinate Resolution to the contrary, but subject to Section 112.04(c) and Section 112.09(b)(i), (ii) and (iii) thereof, during any Amortization Period, the 2025F Subordinated Bonds shall bear interest at the Bank Rate.

Index Rates. During each Index Rate Period, the 2025F Subordinated Bonds shall bear interest at the Index Rate. The Calculation Agent shall determine the Index Rate for each maturity of the 2025F Subordinated Bonds on each Index Rate Determination Date occurring during any Index Rate Period. The Index Rate for each maturity of the 2025F Subordinated Bonds shall be the sum of (i) the product of the Index multiplied by the Index Percentage, plus (ii) the Index Spread for such maturity of the 2025F Subordinated Bonds. Each Index Rate shall be effective, and interest shall accrue on the 2025F Subordinated Bonds at such Index Rate each day during the applicable Index Rate Effective Period. If the 2025F Subordinated Bonds are initially issued in the Index Mode, the District shall specify the Index, Index Percentage, Index Spreads and Call Protection Date for the Index Rate Period commencing on the date of issuance of the 2025F Subordinated Bonds and the length of the Index Rate Period commencing on the date of issuance of the 2025F Subordinated Bonds in the Sales Certificate. On or before any Conversion Date upon which an Index Rate Period will begin, the District shall specify the length of such Index Rate Period and designate the Index and Call Protection Date to be in effect



during such Index Rate Period and the Remarketing Agent shall determine the Index Percentage and Index Spread that would result in a sale of the 2025F Subordinated Bonds at a price (without regard to accrued interest) equal to principal amount thereof on the Conversion Date for such Index Rate Period. Each Index, Index Percentage and Index Spread shall be in effect through the last day of the applicable Index Rate Period and shall be applied by the Calculation Agent in determining the Index Rate on each Index Rate Determination Date during such Index Rate Period. All percentages resulting from the calculation of the Index Rate shall be rounded, if necessary, to the nearest ten-thousandth of a percentage point with five hundred thousandths of a percentage point rounded upward. All dollar amounts used in or resulting from the calculation of the Index Rate shall be rounded to the nearest cent with one-half cent being rounded upward. The Calculation Agent shall make each Index Rate available by telephone or Electronic Means after 5:00 p.m. on the applicable Index Rate Determination Date to any Notice Party requesting such Index Rate. Upon request of any Notice Party, the Paying Agent shall give notice of such rate by Electronic Means. If the Index Rate is not determined by the Calculation Agent on the applicable Index Rate Determination Date, the rate of interest born on such 2025F Subordinated Bonds bearing interest at an Index Rate shall be the rate in effect on the immediately preceding Index Rate Reset Date until the Calculation Agent next determines the Index Rate as required hereunder.

Optional Tenders of 2025F Subordinated Bonds in the Daily Mode or the Weekly Mode. Subject to Section 114.06, the Beneficial Owners of 2025F Subordinated Bonds in a Daily Mode or a Weekly Mode may elect to have their 2025F Subordinated Bonds (or portions of those 2025F Subordinated Bonds, provided that no 2025F Subordinated Bonds remain Outstanding in other than Authorized Denominations) purchased on any Business Day at a price equal to the Purchase Price, upon delivery of a Tender Notice to the Trustee by the Tender Notice Deadline. Immediately upon receipt of a Tender Notice, the Trustee shall notify the Remarketing Agent and provide the Remarketing Agent with a copy of such Tender Notice.

Mandatory Purchase on Mandatory Purchase Date; Amortization Period During Direct Purchase Index Mode. The 2025F Subordinated Bonds shall be subject to mandatory purchase on each Mandatory Purchase Date. The Trustee shall give notice of such mandatory purchase by mail to the Holders of the 2025F Subordinated Bonds subject to mandatory purchase no less than ten (10) days prior to the Mandatory Purchase Date described in clauses (iii), (iv), (v), (viii) and (x) of the definition of Mandatory Purchase Date and no less than 3 days prior to the Mandatory Purchase Date described in clauses (vi) and (vii) of the definition of Mandatory Purchase Date (provided that in the instance of a Mandatory Purchase Date resulting from clause (iii) of the definition of Bank Purchase Date, no such notice shall be required). No notice shall be given of the Mandatory Purchase Date at the end of each Interest Period for Flexible Rate Bonds. Any notice shall state the Mandatory Purchase Date, the Purchase Price, and that interest on 2025F Subordinated Bonds subject to mandatory purchase shall cease to accrue from and after the Mandatory Purchase Date. The failure to mail such notice with respect to any 2025F Subordinated Bond shall not affect the validity of the mandatory purchase of any other 2025F Subordinated Bond with respect to which notice was so mailed. Any notice mailed will be conclusively presumed to have been given, whether or not actually received by any Holder or Beneficial Owner. The Trustee shall also give a copy of such notice to the Rating Agencies.



The term “Mandatory Purchase Date” means: (i) with respect to a Flexible Rate Bond, the first Business Day following the last day of each Flexible Rate Period with respect to such Flexible Rate Bond, (ii) with respect to 2025F Subordinated Bonds in the Term Rate Mode, the first Business Day following the last day of each Term Rate Period applicable to such 2025F Subordinated Bonds, (iii) with respect to any 2025F Subordinated Bonds, any Conversion Date applicable to such 2025F Subordinated Bond (except for any Conversion Date in respect of a conversion from the Daily Mode to the Weekly Mode or from the Weekly Mode to the Daily Mode) or the date that otherwise would have been a Conversion Date had one of the conditions precedent to such Conversion Date specified in Section 112.11 not failed to occur (except for any such date in respect of a proposed conversion from the Daily Mode to the Weekly Mode or from the Weekly Mode to the Daily Mode), (iv) with respect to any 2025F Subordinated Bonds, any Substitution Date with respect to a Credit Enhancement or Liquidity Facility, (v) with respect to any 2025F Subordinated Bonds, the fifth Business Day prior to the Expiration Date with respect to a Credit Enhancement or Liquidity Facility supporting such 2025F Subordinated Bonds, (vi) with respect to any 2025F Subordinated Bonds, the date specified by the Trustee following the occurrence of an event under the Reimbursement Agreement or Liquidity Facility, which requires or gives the Credit Provider or Liquidity Provider the option to cause a mandatory tender of the 2025F Subordinated Bonds or terminate the Credit Enhancement or Liquidity Facility upon notice, which date shall be a Business Day not more than five Business Days after the Trustee’s receipt of written notice of such event from the Credit Provider or the Liquidity Provider and directing the Trustee to cause a mandatory tender of the 2025F Subordinated Bonds and in no event later than the Business Day preceding the termination date specified by the Credit Provider or the Liquidity Provider; (vii) with respect to any 2025F Subordinated Bonds, the date specified by the Trustee following receipt of written notice by the Trustee from the Credit Provider that the Credit Enhancement will not be reinstated following a drawing to pay interest on the 2025F Subordinated Bonds (other than interest on 2025F Subordinated Bonds no longer Outstanding after such drawing) and directing the Trustee to cause a mandatory tender of the 2025F Subordinated Bonds which date shall be a Business Day not more than five days after the Trustee’s receipt of such notice, (viii) with respect to 2025F Subordinated Bonds in the Daily Mode or Weekly Mode, any Business Day specified by the District with the consent of the Liquidity Provider, if any, not less than 20 days after the Trustee’s receipt of such notice and in no event later than the day preceding the Expiration Date of the Liquidity Facility, if any, then in effect with respect to such 2025F Subordinated Bonds, (ix) with respect to 2025F Subordinated Bonds in the Index Mode, the first Business Day following the last day of each Index Rate Period applicable to such 2025F Subordinated Bonds, and (x) with respect to 2025F Subordinated Bonds in the Direct Purchase Index Mode, each Bank Purchase Date; provided that, in the event that the Bank (acting in its sole and absolute discretion) for the then existing Direct Purchase Index Rate Period agrees in writing to a new Direct Purchase Index Rate Period, the provisions of this clause (x) shall apply and be interpreted by substituting the Bank Purchase Date for the new Direct Purchase Index Rate Period for the then-current Bank Purchase Date.

Notwithstanding the above paragraphs and anything to the contrary in the Nineteenth Supplemental Resolution, in the event the 2025F Subordinated Bonds in the Direct Purchase Index Mode are not purchased or remarketed on a Bank Purchase Date and the conditions precedent to any Amortization Period set forth in the Continuing Covenant Agreement, if any, are satisfied (and if no such conditions precedent are set forth in the Continuing Covenant



Agreement, then on the condition that no Event of Default under and as defined in the Continuing Covenant Agreement or the Subordinate Master Resolution has occurred and is continuing), then the 2025F Subordinated Bonds shall be subject to special mandatory redemption on the following terms: (i) the 2025F Subordinated Bonds shall bear interest at the Bank Rate, unless an Event of Default under and as defined in the Continuing Covenant Agreement or the Subordinate Master Resolution has occurred and is continuing), in which case the 2025F Subordinated Bonds shall bear interest at the Default Rate, (ii) interest on the 2025F Subordinated Bonds shall be payable on each Amortization Interest Payment Date, and (iii) the principal of the 2025F Subordinated Bonds shall be payable on each Amortization Principal Payment Date as provided in the Continuing Covenant Agreement. Notwithstanding anything herein to the contrary, during the Amortization Period, the 2025F Subordinated Bonds may be subject to redemption or purchase at the sole option of the District at any time without notice as and to the extent provided in the Continuing Covenant Agreement.

Optional Redemption of Flexible Rate Bonds. 2025F Subordinated Bonds in the Flexible Mode are not subject to optional redemption prior to their respective Purchase Dates. 2025F Subordinated Bonds in the Flexible Mode shall be subject to redemption at the option of the District in whole or in part on their respective Purchase Dates at a Redemption Price equal to the principal amount thereof.

Optional Redemption of 2025F Subordinated Bonds in the Daily Mode or the Weekly Mode. 2025F Subordinated Bonds in the Daily Mode or the Weekly Mode are subject to optional redemption by the District, in whole or in part (provided that no 2025F Subordinated Bonds shall remain Outstanding in other than Authorized Denominations) on any Business Day, at a Redemption Price equal to the principal amount thereof, plus accrued interest, if any, to the Redemption Date.

Optional Redemption of 2025F Subordinated Bonds in the Term Rate Mode, Index Mode or Fixed Rate Mode.

2025F Subordinated Bonds in the Term Rate Mode or the Index Mode shall be subject to redemption, in whole or in part (provided that no 2025F Subordinated Bonds shall remain Outstanding in other than Authorized Denominations), on any date on or after the Call Protection Date for each Term Rate Period or Index Rate Period applicable to the 2025F Subordinated Bonds in the Term Rate Mode or Index Mode, at the option of the District at a Redemption Price equal to the principal amount, or portions thereof, of the 2025F Subordinated Bonds to be redeemed, without premium, plus accrued interest, if any, to the Redemption Date.

2025F Subordinated Bonds in the Term Rate Mode or Fixed Rate Mode with a Term Rate Period or Fixed Rate Period of greater than or equal to ten years are subject to redemption in whole or in part on any date on or after the tenth anniversary of the commencement of the Term Rate Period or Fixed Rate Period (and if in part, in such order of maturity as the District shall specify and within a maturity by lot in any manner which the Trustee deems fair) at a Redemption Price equal to the principal amount, or portions thereof, of the 2025F Subordinated Bonds to be redeemed, without premium, plus accrued interest, if any, to the Redemption Date.



The District, in connection with a change to a Long-Term Mode, may waive or otherwise alter its rights to direct the redemption of any such 2025F Subordinated Bonds so changed to a Long-Term Mode; provided that notice describing the waiver or alteration shall be submitted to the Trustee, together with a Favorable Opinion of Bond Counsel, addressed to it.

Unless a Credit Provider Failure has occurred and is continuing, if a Credit Enhancement is then in effect and the Redemption Price includes any premium, the right of the District to direct an optional redemption of 2025F Subordinated Bonds in a Long-Term Mode is subject to the condition that the Trustee has received, prior to the date on which notice of redemption is required to be given to Owners, either Available Moneys or written confirmation from the Credit Provider that it can draw under the Credit Enhancement on the proposed redemption date in an aggregate amount sufficient to cover the principal of and premium and interest due on the Redemption Date.

Optional and Mandatory Redemption of 2025F Subordinated Bonds in the Direct Purchase Index Mode.

Subject to any limitations, conditions or requirements set forth in the applicable Continuing Covenant Agreement, 2025F Subordinated Bonds in the Direct Purchase Index Mode are subject to optional redemption by the District, in whole or in part (provided that no 2025F Subordinated Bonds shall remain Outstanding in other than Authorized Denominations) on any date, at a Redemption Price equal to the principal amount thereof, plus accrued interest, if any, to the Redemption Date.

2025F Subordinated Bonds in the Direct Purchase Index Mode are subject to mandatory redemption on the dates, in the amounts and in the manner set forth in the applicable Continuing Covenant Agreement, at a Redemption Price equal to the principal amount thereof, plus accrued interest, if any, to the Redemption Date.

Mandatory Sinking Fund Account Redemption of 2025F Subordinated Bonds. The 2025F Subordinated Bonds [maturing on [\_\_\_\_], 20[\_\_\_\_],] shall be subject to redemption prior to maturity from mandatory sinking fund account payments for such 2025F Subordinated Bonds on [\_\_\_\_] of each year on and after [\_\_\_\_], 20[\_\_\_\_], at a Redemption Price equal to the principal amount of such 2025F Subordinated Bonds, or portions thereof, to be redeemed, plus accrued interest, if any, to the Redemption Date, without premium. The following shall be the mandatory sinking fund account payments for the 2025F Subordinated Bonds [maturing on [\_\_\_\_], 20[\_\_\_\_]]. Such mandatory sinking fund account payments shall be due on [\_\_\_\_] of the years set forth in the following table in the respective amounts set forth opposite such years in said table:



Year	Amount	Year	Amount
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\* Payment at Maturity

Notice of Redemption. Notice of redemption shall be mailed by first-class mail by the Trustee, not less than twenty (20) days (ten (10) days in the case of 2025F Subordinated Bonds in the Daily Mode, Weekly Mode, Direct Purchase Index Mode or Flexible Mode) nor more than sixty (60) days prior to the redemption date, to the Holder of any 2025F Subordinated Bond called for redemption, but neither failure to receive such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the 2025F Subordinated Bonds; provided that no notice of redemption shall be required for mandatory redemptions of the 2025F Subordinated Bonds in the Direct Purchase Index Mode. Each notice of redemption shall state the redemption date, the place of redemption and the principal amount of the 2025F Subordinated Bonds to be redeemed, and shall also state that the interest on the 2025F Subordinated Bonds in such notice designated for redemption shall cease to accrue from and after such redemption date and that on said date there will become due and payable on each of said 2025F Subordinated Bonds the principal amount thereof to be redeemed, interest accrued thereon to the redemption date and the premium, if any, thereon (such premium to be specified). Each notice of optional redemption shall also state that redemption is conditioned upon receipt by the Trustee of sufficient funds on the redemption date to pay the Redemption Price of the 2025F Subordinated Bonds to be redeemed. Any notice of optional redemption may be rescinded by written notice given to the Trustee by the District no later than two Business Days prior to the date specified for redemption. Notwithstanding the foregoing, notice of redemption shall not be required for 2025F Subordinated Bonds redeemed on a Mandatory Purchase Date.

This 2025F Subordinated Bond is transferable by the registered owner hereof, in person or by the attorney of such owner duly authorized in writing, at the principal office of the Trustee but only in the manner, subject to the limitations and upon payment of the charges provided in the Subordinate Resolution, and upon surrender and cancellation of this 2025F Subordinated Bond. Upon such transfer a new fully registered Bond or Subordinated Bonds without coupons, of authorized denomination or denominations, for the same aggregate principal amount and maturity will be issued to the transferee in exchange herefor.



The District and the Trustee may deem and treat the registered owner hereof as the absolute owner hereof for all purposes, and the District and the Trustee shall not be affected by any notice to the contrary.

To the extent this 2025F Subordinated Bond constitutes a Liquidity Facility Bond, the terms and conditions of the Nineteenth Supplemental Resolution with respect to Liquidity Facility Bonds shall control this 2025F Subordinated Bond.

The rights and obligations of the District and of the holders and registered owners of the Subordinated Bonds may be modified or amended at any time in the manner, to the extent, and upon the terms provided in the Subordinate Resolution, provided that no such modification or amendment shall (i) extend the fixed maturity of any Subordinated Bond, or reduce the principal amount thereof, or reduce the rate or extend the time of payment of interest thereon, or reduce the amount of any premium payable upon the redemption thereof, without the consent of the holder of each Subordinated Bond so affected, or (ii) reduce the percentage of Subordinated Bonds required for the affirmative vote or written consent to an amendment or modification, without the consent of the holders of all the Subordinated Bonds then outstanding, or (iii) without its written consent thereto, modify any of the rights or obligations of the Trustee.

It is hereby certified and recited that any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the incurring of the indebtedness evidenced by this 2025F Subordinated Bond, and in the issuing of this 2025F Subordinated Bond, do exist, have happened and have been performed in due time, form and manner, as required by the Constitution and statutes of the State of California, and that this 2025F Subordinated Bond, together with all other indebtedness of the District pertaining to the Electric System, is within every debt and other limit prescribed by the Constitution and the statutes of the State of California, and is not in excess of the amount of Subordinated Bonds permitted to be issued under the Subordinate Resolution.

This 2025F Subordinated Bond shall not be entitled to any benefit under the Subordinate Resolution, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been signed by the Trustee. To the extent of any conflict or inconsistency between any provisions contained in this 2025F Subordinated Bond and the Subordinate Resolution, the provisions of the Subordinate Resolution shall control.



IN WITNESS WHEREOF, SACRAMENTO MUNICIPAL UTILITY DISTRICT has caused this 2025F Subordinated Bond to be executed in its name and on its behalf by the facsimile signature of its President of its Board of Directors and by the facsimile signature of its Treasurer and countersigned by the facsimile signature of its Secretary, and the seal of the District to be reproduced hereon, by facsimile and this 2025F Subordinated Bond to be dated as of the date first written above.

SACRAMENTO MUNICIPAL UTILITY  
DISTRICT

By \_\_\_\_\_  
President of the Board of Directors

By \_\_\_\_\_  
Treasurer of the District

(SEAL)

Countersigned:

\_\_\_\_\_  
Secretary of the District



CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is one of the Subordinated Bonds described in the within-mentioned Subordinate Resolution and registered on the date set forth below.

Dated: \_\_\_\_\_, 2025

U.S. BANK TRUST COMPANY, NATIONAL  
ASSOCIATION,  
as Trustee

By \_\_\_\_\_  
Authorized Officer



## ASSIGNMENT

For value received \_\_\_\_\_ hereby sell, assign and transfer unto \_\_\_\_\_ whose taxpayer identification number is \_\_\_\_\_ the within-mentioned Bond and hereby irrevocably constitute and appoint \_\_\_\_\_ attorney, to transfer the same on the books of the District at the office of the Trustee, with full power of substitution in the premises.

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NOTE: The signature to this Assignment must correspond with the name on the face of the within Registered Bond in every particular, without alteration or enlargement or any change whatsoever.

Dated:

Signature Guaranteed by:

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NOTE: Signature must be guaranteed by an eligible guarantor institution



## EXHIBIT B

### FORM OF REVOLVING NOTE

#### SACRAMENTO MUNICIPAL UTILITY DISTRICT SUBORDINATED ELECTRIC REVENUE BONDS 2025 SERIES F

[Delivery Date]

\$ \_\_\_\_\_

The Sacramento Municipal Utility District (the “District”), for value received, hereby promises to pay to the order of [Bank] (the “Bank”), pursuant to that certain \_\_\_\_\_ dated as of \_\_\_\_\_ (the “Agreement”), between the District and the Bank, at the office of the Bank at \_\_\_\_\_, the aggregate unpaid principal amount of all Reimbursement Obligations (as defined in the Agreement) pursuant to the Agreement on the dates and in the amounts provided for in the Agreement.

The District promises to pay interest on the unpaid principal amount of all Reimbursement Obligations owed to the Bank under the Agreement on the dates and at the rate or rates provided for in the Agreement. All payments of principal and interest shall be made in any coin or currency of the United States of America which at the time of payment is legal tender for public and private debts in immediately available funds. All capitalized terms used herein and not otherwise defined herein shall have the meanings specified in the Agreement.

This Revolving Note is a Revolving Note as referred to in Section 116.12 of Resolution No. 01-06-10 of the District adopted June 21, 2001, amending and restating Resolution No. 85-11-1 of the District adopted November 7, 1985, as amended and supplemented, including as supplemented by Resolution No. \_\_\_\_\_ of the District adopted May 15, 2025 (the “Nineteenth Supplemental Resolution”) (collectively, the “Subordinate Master Resolution”). This Revolving Note evidences the Reimbursement Obligations owed to the Bank by the District pursuant to the Agreement which have been designated by the District as, and constitute, Parity Subordinated Debt under and as defined in the Subordinate Master Resolution and, as such Parity Subordinated Debt, is entitled to the benefits afforded Parity Subordinated Debt and the holders thereof pursuant to the Subordinate Master Resolution and is secured by a lien on the Net Subordinated Revenues as more fully set forth in and subject to the terms of the Subordinate Master Resolution. As provided in the Agreement, the Reimbursement Obligations and this Revolving Note are subject to prepayment, in whole or in part, in accordance with the terms of the Agreement.

The Bank agrees, by acceptance of this Revolving Note, that it will make a notation on the schedule attached hereto of all Reimbursement Obligations evidenced hereby and all principal payments and prepayments made hereunder and of the date to which interest hereon has been paid, all as provided in the Agreement; *provided, however*, that the failure to make any such notation or any error in such notation shall not limit or otherwise affect the obligation of the District hereunder with respect to payments of principal of and interest on this Revolving Note.



This Revolving Note is authorized by the District to be issued to provide for the payment of the principal of and interest on the unpaid principal amount of all Reimbursement Obligations owed to the Bank under the Agreement on the dates and at the rate or rates provided for in the Agreement. This Revolving Note is issued under and pursuant to and in full compliance with the Subordinate Master Resolution and the Nineteenth Supplemental Resolution.

It is hereby certified that all conditions, acts and things essential to the validity of this Revolving Note exist, have happened and have been done and that every requirement of law affecting the issuance hereof has been duly complied with.

IN WITNESS WHEREOF, SMUD, has caused this Revolving Note to be executed by an authorized officer of SMUD and this Revolving Note to be dated as of date set forth above.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



**SCHEDULE FOR REVOLVING NOTE**  
**DATED \_\_\_\_\_**  
**BY SACRAMENTO MUNICIPAL UTILITY DISTRICT**  
**PAYABLE TO [BANK]**

<u>Date</u>	<u>Amount of Drawing or Advance Made</u>	<u>Amount of Principal Paid</u>	<u>Date to Which Interest Paid</u>	<u>Due Date</u>	<u>Notation Made by</u>
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**RESOLUTION NO. 25-05-13 OF  
THE BOARD OF DIRECTORS OF  
SACRAMENTO MUNICIPAL UTILITY DISTRICT  
AUTHORIZING THE EXECUTION AND DELIVERY OF ONE OR MORE  
CONTRACTS OF PURCHASE, OFFICIAL STATEMENTS AND CONTINUING  
DISCLOSURE AGREEMENTS, THE DISTRIBUTION OF OFFICIAL STATEMENTS,  
AND CERTAIN OTHER ACTIONS RELATING TO THE ISSUANCE AND SALE OF  
ONE OR MORE SERIES OR SUBSERIES OF THE DISTRICT'S ELECTRIC  
REVENUE BONDS AND/OR SUBORDINATED ELECTRIC REVENUE BONDS, THE  
REFUNDING OF ALL OR A PORTION OF ONE OR MORE SERIES OF THE  
DISTRICT'S SUBORDINATED ELECTRIC REVENUE BONDS AND CERTAIN  
OTHER MATTERS RELATING THERETO**

BE IT RESOLVED, by the Board of Directors of the Sacramento Municipal Utility District (the "District"), as follows:

Section 1. Sale of Bonds. One or more series or subseries of the District's Electric Revenue Bonds and/or Subordinated Electric Revenue Bonds (collectively, the "Bonds"), are hereby authorized to be sold to the underwriters thereof in one or more negotiated sales at the prices and otherwise upon the terms and conditions determined on the sale dates thereof by the Chief Executive Officer and General Manager, any Member of the Executive Committee, the Treasurer, the Secretary or the Chief Financial Officer or the designee of any such officer (each an "Authorized Officer"), as specified in one or more Sales Certificates relating to the Bonds (the "Sales Certificates") authorized under the supplemental resolutions authorizing the issuance of the Bonds adopted by the Board of Directors of the District on the date hereof.

Section 2. Contracts of Purchase. The forms of Contracts of Purchase with respect to the Bonds (the "Contracts of Purchase") between the District and the underwriters named therein (the "Underwriters"), in the forms submitted to this meeting are hereby approved. Any Authorized Officer, acting alone, is authorized and directed to execute and deliver one or more Contracts of Purchase in substantially such forms for the Bonds or any series or subseries thereof on behalf of the District, subject to such additions thereto and changes therein as any Authorized Officer shall approve after consultation with the District's counsel (such approval to be conclusively evidenced by the execution of such Contracts of Purchase).

Section 3. Official Statements. The Official Statements of the District relating to the Bonds (the "Official Statements") in substantially the forms submitted to this meeting are hereby approved. Any Authorized Officer, acting alone, is authorized and directed to execute and deliver the Official Statements relating to the Bonds in substantially such forms on behalf of the District, subject to such additions thereto and changes therein as any Authorized Officer shall approve after consultation with the District's counsel and subject to such further changes as may be consistent with the Sales Certificates (such approval to be conclusively evidenced by the execution of such Official Statements). The Underwriters are authorized to distribute the Official Statements in preliminary form to persons who may be interested in the



purchase of the Bonds and the Official Statements in final form to purchasers of the Bonds.

Section 4. Continuing Disclosure Agreements. The forms of Continuing Disclosure Agreements relating to the Bonds between the District and U.S. Bank Trust Company, National Association, as dissemination agent (the “Continuing Disclosure Agreements”) in the forms attached to the Official Statements submitted to this meeting are hereby approved. Any Authorized Officer, acting alone, is authorized and directed to execute and deliver the Continuing Disclosure Agreements in substantially such forms on behalf of the District, subject to such additions thereto and changes therein as any Authorized Officer shall approve after consultation with the District’s counsel (such approval to be conclusively evidenced by the execution of such Continuing Disclosure Agreements).

Section 5. Bond Insurance. Any Authorized Officer, acting alone, is hereby authorized to do any and all things and to negotiate, execute, deliver, and perform any and all agreements and documents which they deem necessary or advisable in order to procure bond insurance for all or any portion of the Bonds including without limitation one or more commitments for a bond insurance policy and one or more insurance agreements; provided that such insurance and such agreements and documents are determined by any Authorized Officer to be reasonable under the circumstances and to be consistent with the provisions and intent of this resolution. The power to make such determination is hereby delegated to each Authorized Officer and shall be conclusively evidenced by the execution and delivery of the insurance agreements and insurance commitments. Any actions heretofore taken by any Authorized Officer in furtherance of this Section are hereby ratified, confirmed and approved.

Section 6. Other Related Actions. The Authorized Officers and other officers of the District are hereby authorized and directed to do any and all things and to negotiate, execute, deliver and perform any and all agreements and documents (including one or more escrow agreements for the purpose of refunding outstanding bonds) which they deem necessary or advisable in order to consummate the issuance, sale and delivery of the Bonds, to provide for credit enhancement of the Bonds, and to effectuate the purposes of this resolution and the transactions contemplated by this resolution, the supplemental resolutions authorizing the issuance of the Bonds, the Sales Certificates, and the documents approved hereby, and including any subsequent amendments, directions, waivers or consents entered into or given in accordance with such documents, and that any actions heretofore taken and any agreements and documents heretofore executed and delivered by the officers of the District to consummate the issuance, sale and delivery of the Bonds, to provide for credit enhancement of the Bonds, and to effect the purpose of these resolutions and the transactions contemplated thereby are hereby ratified and confirmed.



Approved: May 15, 2025

INTRODUCED: DIRECTOR ROSE				
SECONDED: DIRECTOR HERBER				
DIRECTOR	AYE	NO	ABSTAIN	ABSENT
FISHMAN	X			
ROSE	X			
BUL-THOMPSON	X			
HERBER	X			
KERTH	X			
TAMAYO	X			
SANBORN	X			



## PRELIMINARY OFFICIAL STATEMENT DATED MAY \_\_, 2025

NEW ISSUE - FULL BOOK-ENTRY

Ratings: See “RATINGS” herein

*In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to SMUD, based upon an analysis of existing laws, regulations, rulings and court decisions and, assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2025 Series O Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the 2025 Series O Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the 2025 Series O Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the 2025 Series O Bonds. See “TAX MATTERS.”*



\$[\_\_\_\_\_] \*  
**ELECTRIC REVENUE BONDS, 2025 SERIES O**  
**(GREEN BONDS)**

Dated: Date of Delivery

Due: [\_\_\_\_\_] 15, as shown on the inside cover

The Electric Revenue Bonds, 2025 Series O (the “2025 Series O Bonds”) will be issued pursuant to the provisions of Resolution No. 6649 of the Sacramento Municipal Utility District (“SMUD”), as amended and supplemented, and will be payable from the Net Revenues of the Electric System of SMUD, as described herein. The 2025 Series O Bonds are being issued to (i) finance and refinance certain improvements and additions to SMUD’s Electric System, including by paying [a portion of] the outstanding principal amount of SMUD’s commercial paper notes at maturity, and (ii) pay certain costs associated with the issuance of the 2025 Series O Bonds. See “PLAN OF FINANCE.”

The 2025 Series O Bonds will mature in the years and amounts as shown on the inside cover. Interest on the 2025 Series O Bonds will accrue at the rates set forth on the inside cover and be payable on [\_\_\_\_\_] 15, 2025, and semiannually thereafter on each [\_\_\_\_\_] 15 and [\_\_\_\_\_] 15.

The 2025 Series O Bonds are subject to redemption prior to maturity as described herein. See “THE 2025 SERIES O BONDS – Redemption Provisions.”

The 2025 Series O Bonds have been designated as “Green Bonds.” Kestrel has provided an independent external review and opinion that the 2025 Series O Bonds conform with the four core components of the International Capital Market Association Green Bond Principles, and therefore qualify for Green Bonds designation. See “DESIGNATION OF 2025 SERIES O BONDS AS GREEN BONDS” herein and APPENDIX G – “SECOND PARTY OPINION” hereto for more information.

The 2025 Series O Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository (the “Securities Depository”) for the 2025 Series O Bonds. Individual purchases of interests in the 2025 Series O Bonds may be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof. Purchasers of such interests will not receive certificates representing their interests in the 2025 Series O Bonds. Principal and interest are payable directly to the Securities Depository by U.S. Bank Trust Company, National Association, Trustee and Paying Agent. Upon receipt of payments of principal and interest, the Securities Depository will in turn remit such principal and interest to the Securities Depository’s Direct Participants (as such term is herein defined) for subsequent disbursement to the purchasers of interests in the 2025 Series O Bonds, as described herein. See APPENDIX C – “BOOK-ENTRY SYSTEM.”



*The principal of and interest on the 2025 Series O Bonds, together with the debt service on other Parity Bonds (as defined herein), are payable exclusively from and secured by a pledge of the Net Revenues of the Electric System of SMUD. Neither the credit nor the taxing power of SMUD or the State of California is pledged to the payment of the 2025 Series O Bonds.*

The information presented on this cover page is for general reference only and is qualified in its entirety by reference to the entire Official Statement and the documents summarized and described herein.

The 2025 Series O Bonds are offered when, as and if issued and received by the Underwriters, subject to the approval of the validity of the 2025 Series O Bonds and certain other legal matters by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to SMUD. Certain legal matters will be passed on for the Underwriters by their counsel, Nixon Peabody LLP, San Francisco, California. It is expected that the 2025 Series O Bonds will be available for delivery through the facilities of DTC on or about June [\_\_\_\_], 2025\*.

**Barclays**

**BofA Securities  
Goldman Sachs & Co. LLC**

**J.P. Morgan  
Morgan Stanley**

**PNC Capital Markets  
Wells Fargo Corporate &  
Investment Banking**

June \_\_\_, 2025

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\* Preliminary, subject to change.



**SACRAMENTO MUNICIPAL UTILITY DISTRICT**  
**Sacramento, California**

\$[\_\_\_\_\_] \*  
**ELECTRIC REVENUE BONDS, 2025 SERIES O**

**MATURITY SCHEDULE\***

<b>Due</b> <b>([_____] 15)*</b>	<b>Principal</b> <b>Amount*</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>CUSIP†</b>
------------------------------------	------------------------------------	----------------------	--------------	---------------

\$ \_\_\_\_\_ % Term 2025 Series O Bonds due [\_\_\_\_\_] 15, \_\_\_\_\_, Yield \_\_\_\_%, CUSIP†: \_\_\_\_\_

\$ \_\_\_\_\_ % Term 2025 Series O Bonds due [\_\_\_\_\_] 15, \_\_\_\_\_, Yield \_\_\_\_%, CUSIP†: \_\_\_\_\_

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\* Preliminary, subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP® data herein is provided by CUSIP Global Services (CGS), which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers have been assigned by an independent company not affiliated with SMUD or the Underwriters and are included solely for the convenience of the registered owners of the applicable 2025 Series O Bonds. Neither SMUD nor the Underwriters are responsible for the selection or uses of these CUSIP® numbers, and no representation is made as to their correctness on the applicable 2025 Series O Bonds or as included herein. The CUSIP® number for a specific maturity is subject to being changed after the execution and delivery of the 2025 Series O Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the 2025 Series O Bonds.



**SACRAMENTO MUNICIPAL UTILITY DISTRICT**  
*Sacramento, California*

**BOARD OF DIRECTORS**

Gregg Fishman, President  
Dave Tamayo, Vice President  
Brandon Rose  
Nancy Bui-Thompson  
Rosanna Herber  
Rob Kerth  
Heidi Sanborn

**OFFICERS AND EXECUTIVES**

Paul Lau, Chief Executive Officer and General Manager  
Frankie McDermott, Chief Operating Officer  
Scott Martin, Chief Financial Officer  
Brandy Bolden, Chief Customer Officer  
Suresh Kotha, Chief Information Officer  
Jose Bodipo-Memba, Chief Diversity Officer  
Laura Lewis, Chief Legal and Government Affairs Officer and General Counsel  
Lora Anguay, Chief Zero Carbon Officer  
Farres Everly, Chief Marketing & Communications Officer  
Jennifer Restivo, Treasurer  
Lisa Limcaco, Controller

**SPECIAL SERVICES**

ORRICK, HERRINGTON & SUTCLIFFE LLP  
Bond Counsel

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION  
Trustee and Paying Agent

BAKER TILLY US, LLP, Madison, Wisconsin  
Independent Accountants

PFM FINANCIAL ADVISORS LLC, Philadelphia, Pennsylvania  
Municipal Advisor

KESTREL, Hood River, Oregon  
Green Bonds External Reviewer



No dealer, broker, salesperson or other person has been authorized by SMUD or the Underwriters to give any information or to make any representations with respect to the 2025 Series O Bonds other than those contained in this Official Statement and, if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell nor the solicitation of an offer to buy, nor shall there be any sale of the 2025 Series O Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from SMUD and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Underwriters. The information and expressions of opinion stated herein are subject to change without notice. The delivery of this Official Statement shall not, under any circumstances, create any implication that there has been no change in the affairs of SMUD since the date hereof. The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with and as part of their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The 2025 Series O Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption from the registration requirements contained in such Act. The 2025 Series O Bonds have not been registered or qualified under the securities laws of any state.

#### **CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT**

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements.” Such statements generally are identifiable by the terminology used, such as “plan,” “expect,” “estimate,” “budget” or other similar words.

The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. SMUD does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur.

This Official Statement, including any supplement or amendment hereto, is intended to be deposited with the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access website. SMUD maintains a website and social media accounts. However, the information presented therein is not part of this Official Statement and should not be relied upon in making investment decisions with respect to the 2025 Series O Bonds. The references to internet websites in this Official Statement are shown for reference and convenience only; unless explicitly stated to the contrary, the information contained within the websites is not incorporated herein by reference and does not constitute part of this Official Statement.



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**OFFICIAL STATEMENT**  
**Relating to**  
**SACRAMENTO MUNICIPAL UTILITY DISTRICT**  
**\$[\_\_\_\_\_]\***  
**ELECTRIC REVENUE BONDS, 2025 SERIES O**  
**INTRODUCTION**

This Official Statement, including the cover page and Appendices attached hereto, describes the Sacramento Municipal Utility District (“SMUD”), a political subdivision of the State of California (the “State”), and its \$[\_\_\_\_\_] Electric Revenue Bonds, 2025 Series O (the “2025 Series O Bonds”), in connection with the sale by SMUD of the 2025 Series O Bonds. The 2025 Series O Bonds are being issued to (i) finance and refinance certain improvements and additions to SMUD’s Electric System, including by paying [a portion of] the outstanding principal amount of SMUD’s commercial paper notes at maturity, and (ii) pay certain costs associated with the issuance of the 2025 Series O Bonds. See “PLAN OF FINANCE.”

The 2025 Series O Bonds are part of an Electric Revenue Bond authorization of SMUD and are issued pursuant to Resolution No. 6649 (the “Master Resolution”) adopted in 1971, as amended and supplemented, and applicable California law, including Article 6a of Chapter 6 of the Municipal Utility District Act (Public Utilities Code Sections 12850 to 12860) (the “Act”), the Revenue Bond Law of 1941 (Government Code Section 54300 *et seq.*) and Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (Government Code Section 53580 *et seq.*). The issuance of the 2025 Series O Bonds was authorized on May 15, 2025, by the Board of Directors of SMUD by a Sixty-Eighth Supplemental Resolution (the “Sixty-Eighth Supplemental Resolution”) supplemental to the Master Resolution. The Master Resolution and all supplemental resolutions, including the Sixty-Eighth Supplemental Resolution, are collectively referred to herein as the “Resolution.” See APPENDIX D — “SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION.”

***The purchasers of the 2025 Series O Bonds, by virtue of their purchase of the 2025 Series O Bonds, will consent to certain amendments to the Resolution. See “SECURITY FOR THE BONDS – Consent to Amendments to the Resolution.”***

The 2025 Series O Bonds and other bonds issued on a parity therewith pursuant to the Resolution are collectively referred to herein as the “Bonds.” The Bonds, together with other Parity Bonds (as defined herein), are payable solely from the Net Revenues of the Electric System. See “SECURITY FOR THE BONDS.” As of March 31, 2025, Bonds in the aggregate principal amount of \$1,898,985,000 were outstanding under the Resolution.

The issuance of the 2025 Series O Bonds is a component of a plan of finance (the “Plan of Finance”) that includes the issuance of SMUD’s Subordinated Electric Revenue Bonds, 2025 Series E (the “2025 Series E Subordinated Bonds”) to [(i) finance and refinance certain improvements and additions to SMUD’s Electric System, including by paying [a portion of] the outstanding principal amount of SMUD’s commercial paper notes at maturity and (ii)] refund certain of SMUD’s outstanding Subordinated Bonds (as defined below). The issuance of the 2025 Series O Bonds is not contingent upon the implementation of the other components of the Plan of Finance, and SMUD is not obligated to

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\* Preliminary, subject to change.



implement any of the components of the Plan of Finance. If the Plan of Finance is implemented in whole, then upon completion of the Plan of Finance, Bonds in the aggregate principal amount of \$[\_\_\_\_\_] \* are expected to be outstanding under the Resolution. See “PLAN OF FINANCE.”

Although the Resolution establishes an “Electric Revenue Bond Reserve Fund” (the “Reserve Fund”), the Reserve Fund does *not* secure and will *not* be available to pay debt service on the 2025 Series O Bonds. The Reserve Fund secures all Bonds issued prior to January 1, 2004 that are currently outstanding (and not otherwise deemed to be paid and discharged under the Resolution) and may secure additional Bonds issued in the future.

U.S. Bank Trust Company, National Association serves as trustee and paying agent under the Resolution (in such capacities, the “Trustee” and the “Paying Agent” respectively).

From time to time, SMUD issues Subordinated Electric Revenue Bonds (the “Subordinated Bonds”) pursuant to Resolution No. 85-11-1 of SMUD, adopted on November 7, 1985, as amended and supplemented (the “Subordinate Resolution”). As of March 31, 2025, Subordinated Bonds in the aggregate principal amount of \$332,020,000 were outstanding. The Subordinated Bonds are payable solely from the Net Subordinated Revenues of the Electric System and are subordinate in right of payment to the prior payment of principal of and interest on the Bonds (including the 2025 Series O Bonds). If the Plan of Finance is implemented in whole, then upon completion of the Plan of Finance, Subordinated Bonds in the aggregate principal amount of \$[\_\_\_\_\_] \* are expected to be outstanding under the Subordinate Resolution. See “PLAN OF FINANCE.”

SMUD also issues commercial paper notes (the “Notes”) from time to time. As of [May \_\_, 2025], Notes in the principal amount of \$[75,000,000] were outstanding. Currently, Notes in the aggregate principal amount of \$400,000,000 may be outstanding at any one time, but SMUD reserves the right to increase or decrease the aggregate principal amount of the Notes that may be outstanding at any one time in the future. The Notes are secured by letters of credit issued by commercial banks. The Notes (and SMUD’s obligations to repay drawings under the letters of credit) are payable solely from available revenues of SMUD’s Electric System and are subordinate in right of payment to the prior payment of principal of, premium if any, and interest on the Bonds (including the 2025 Series O Bonds) and the Subordinated Bonds. Drawings under the letters of credit, to the extent not repaid immediately from the proceeds of commercial paper or other available SMUD funds, are repayable with interest over a period of five years. The letters of credit currently expire in August of 2025 and March of 2027. SMUD expects to pay [all] \$[75,000,000] of the outstanding principal amount of the Notes with a portion of the proceeds of the 2025 Series O Bonds [and a portion of the proceeds of the 2025 Series E Subordinated Bonds]. See “PLAN OF FINANCE.”

SMUD has also previously issued its taxable and tax-exempt revolving notes pursuant to a revolving credit agreement with a commercial bank (collectively, the “Revolving Credit Facility”). As of the date of this Official Statement, no principal amount was outstanding under the Revolving Credit Facility. Currently, the aggregate principal amount that can be outstanding under the Revolving Credit Facility at any one time is limited to \$100,000,000. However, SMUD reserves the right to increase or decrease the aggregate principal amount that can be outstanding at any one time under the Revolving Credit Facility in the future. SMUD’s payment obligations under the Revolving Credit Facility are payable solely from available revenues of SMUD’s Electric System and are subordinate in right of payment to the prior payment of principal of, premium if any, and interest on the Bonds (including the 2025 Series O Bonds) and the Subordinated Bonds. The current term of the Revolving Credit Facility expires in February 2026.

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\* Preliminary, subject to change.



SMUD is responsible for the acquisition, generation, transmission and distribution of electric power to its service area, which includes most of Sacramento County and small portions of Placer and Yolo counties. For the year ended December 31, 2024, SMUD served a population of approximately 1.5 million with a total annual retail load of approximately 10,721 million kilowatt-hours (“kWh”). SMUD owns and operates an electric system which, as of March 31, 2025, included generating facilities owned and operated by SMUD with an aggregate generating capacity of approximately 815 megawatts (“MW”), local gas-fired plants owned and operated by a joint powers authority and managed by SMUD with an aggregate generating capacity of approximately 1,087 MW, over which SMUD has exclusive control of dispatch, and purchased power with an aggregate generating capacity of approximately 1,541 MW and transmission and distribution facilities. SMUD’s power requirements exceed its generating capacity and thus SMUD has agreements with others (including the Local Gas-Fired Plants as defined in APPENDIX A) for the purchase of a portion of its power requirements. See APPENDIX A – “INFORMATION REGARDING SACRAMENTO MUNICIPAL UTILITY DISTRICT – POWER SUPPLY AND TRANSMISSION – Power Supply Resources.” Continuing development of SMUD’s business strategy in response to changing environmental and regulatory requirements has had, and is expected to continue to have, a major effect on SMUD’s power supply planning. See APPENDIX A – “INFORMATION REGARDING SACRAMENTO MUNICIPAL UTILITY DISTRICT – BUSINESS STRATEGY.”

Pursuant to a Continuing Disclosure Agreement, dated the date of issuance of the 2025 Series O Bonds (the “Continuing Disclosure Agreement”) between SMUD and the Trustee, SMUD will covenant for the benefit for the holders of the 2025 Series O Bonds and owners of beneficial interest in the 2025 Series O Bonds to provide certain financial information and operating data and to provide certain notices. See “CONTINUING DISCLOSURE UNDERTAKING” and APPENDIX F – “FORM OF CONTINUING DISCLOSURE AGREEMENT.”

The information presented in this Introduction is qualified in its entirety by reference to this entire Official Statement and the documents summarized or described herein. This Official Statement, including the Appendices, summarizes the terms of the 2025 Series O Bonds, the Resolution and certain agreements, contracts and other arrangements, some of which currently exist and others of which may exist in the future. The summaries of and references to all documents, statutes, regulations and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such summary and reference is qualified in its entirety by reference to each such document, statute, regulation or instrument.

Capitalized terms not otherwise defined in this Official Statement shall have the meanings ascribed thereto in APPENDIX D – “SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION – Certain Definitions” or in the Resolution.

## **PLAN OF FINANCE**

### **Issuance of 2025 Series O Bonds**

The proceeds of the 2025 Series O Bonds will be used to (i) finance and refinance certain improvements and additions to SMUD’s Electric System, including by paying [a portion of] the outstanding principal amount of SMUD’s commercial paper notes at maturity, and (ii) pay certain costs associated with the issuance of the 2025 Series O Bonds. The issuance of the 2025 Series O Bonds is a component of the Plan of Finance, as further described below. The issuance of the 2025 Series O Bonds is not contingent upon the implementation of the other components of the Plan of Finance, and SMUD is not obligated to implement any of the components of the Plan of Finance.



## **Issuance of 2025 Series E Subordinated Bonds and Refunding of 2019 Series B Subordinated Bonds**

Concurrently with the issuance of the 2025 Series O Bonds, SMUD expects to issue approximately \$[\_\_\_\_\_] \* aggregate principal amount of the 2025 Series E Subordinated Bonds to (i) [finance and refinance certain improvements and additions to SMUD’s Electric System, including by paying [a portion of] the outstanding principal amount of SMUD’s commercial paper notes at maturity, (ii)] refund the \$100,000,000 outstanding principal amount of the Sacramento Municipal Utility District Subordinated Electric Revenue Bonds, 2019 Series B (the “2019 Series B Subordinated Bonds”) and (iii) pay certain costs associated with the issuance of the 2025 Series E Subordinated Bonds.

[If the 2025 Series E Subordinated Bonds are issued, a portion of the proceeds of the 2025 Series E Subordinated Bonds, together with other available funds, will be deposited in trust in an escrow fund (the “2019B Escrow Fund”) established under an escrow agreement between SMUD and the Trustee. The moneys so deposited will be in an amount sufficient to redeem the 2019 Series B Subordinated Bonds on [\_\_\_\_], 2025. The moneys so deposited will be invested in Federal Securities. The securities and moneys in the 2019B Escrow Fund will not secure the 2025 Series O Bonds and will not be available to pay the principal of or interest on the 2025 Series O Bonds. The 2025 Series E Subordinated Bonds are expected to be issued in a term rate mode, bearing a fixed rate of interest during the initial term rate period.]

### **DESIGNATION OF 2025 SERIES O BONDS AS GREEN BONDS**

#### **General**

The 2025 Series O Bonds have been designated as “Green Bonds.” The information set forth below concerning (1) Kestrel in its role as a verifier and (2) the determination that the 2025 Series O Bonds are in conformance with the four core components of the ICMA Green Bond Principles has been extracted from materials provided by Kestrel and neither SMUD nor the Underwriters undertake any responsibility for the accuracy or completeness of any such information. Neither SMUD nor the Underwriters make any representation regarding the applicability or suitability of the determination that the 2025 Series O Bonds are in conformance with the four core components of the ICMA Green Bond Principles. The term “Green Bonds” is neither defined in nor related to the Master Resolution or the Sixty-Eighth Supplemental Resolution. The use of such term in this Official Statement is solely for identification purposes and is not intended to provide or imply that the owners of the 2025 Series O Bonds are entitled to any security other than as provided in the Master Resolution and the Sixty-Eighth Supplemental Resolution, as described under the heading “SECURITY FOR THE BONDS.”

No party, including SMUD, has assumed any obligation to ensure that the projects financed or refinanced with the proceeds of the 2025 Series O Bonds comply with any legal or other standards or principles that may relate to “Green Projects” or that the 2025 Series O Bonds comply with any legal or other standards or principles that may be related to “Green Bonds.” No assurance can be given that a clear definition of green will develop over time, or that, if developed, it will include the projects to be financed or refinanced with the proceeds of the 2025 Series O Bonds. Accordingly, no assurance is or can be given to investors that any uses of the 2025 Series O Bonds will meet investor expectations regarding green or other equivalently labeled performance objectives with respect to the projects to be financed or refinanced with proceeds of the 2025 Series O Bonds.

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\* Preliminary, subject to change.



**Green Bonds Designation**

Per the International Capital Market Association (“ICMA”), Green Bonds are any type of bond instrument where the proceeds will be exclusively applied to finance or refinance, in part or in full, new and/or existing eligible Green Projects and which are aligned with the four core components of the Green Bond Principles. The four core components are: 1. Use of Proceeds; 2. Process for Project Evaluation and Selection; 3. Management of Proceeds; and 4. Reporting.

Kestrel has determined that the 2025 Series O Bonds are in conformance with the four core components of the ICMA Green Bond Principles, as described in Kestrel’s “Second Party Opinion,” which is attached hereto as APPENDIX G.

**Independent Second Party Opinion on Green Bonds Designation and Disclaimer**

For over 23 years, Kestrel has been consulting in sustainable finance. Kestrel is an Approved Verifier accredited by the Climate Bonds Initiative and the market leader for Second Party Opinions in US public finance. Kestrel reviews corporate and public finance transactions worldwide for alignment with ICMA Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines and the Climate Bonds Initiative Standards and Criteria. Municipal bonds are benchmarked with Kestrel Sustainability Intelligence™.

The Second Party Opinion issued by Kestrel does not and is not intended to make any representation or give any assurance with respect to any other matter relating to the 2025 Series O Bonds. Second Party Opinions provided by Kestrel are not a recommendation to any person to purchase, hold, or sell the 2025 Series O Bonds and designations do not address the market price or suitability of the 2025 Series O Bonds for a particular investor and do not and are not in any way intended to address the likelihood of timely payment of interest or principal when due.

In issuing the Second Party Opinion, Kestrel has assumed and relied upon the accuracy and completeness of the information made publicly available by SMUD or that was otherwise made available to Kestrel.

**ESTIMATED SOURCES AND USES OF FUNDS**

The estimated sources and uses of funds with respect to the 2025 Series O Bonds are as follows:

**Sources of Funds:**

Principal Amount	\$
[Net] Original Issue [Premium/Discount]	
SMUD Contribution	
Total Sources of Funds	<hr/> <hr/> \$

**Uses of Funds:**

Payment of Notes	\$
Reimbursable Capital	
Costs of Issuance (including Underwriters’ Discount)	
Total Uses of Funds	<hr/> <hr/> \$



## THE 2025 SERIES O BONDS

The 2025 Series O Bonds will mature in the years and amounts and bear interest at the rates set forth on the inside cover page hereof. Interest on the 2025 Series O Bonds will accrue from the date of delivery of the 2025 Series O Bonds, and will be payable on [ ] 15, 2025, and semiannually thereafter on each [ ] 15 and [ ] 15 (each, an “Interest Payment Date”) to the owners thereof as of the first day of the month (whether or not such day is a business day) in which an Interest Payment Date occurs (each, a “Record Date”).

The 2025 Series O Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository (the “Securities Depository”) for the 2025 Series O Bonds. Individual purchases of interests in the 2025 Series O Bonds will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof. Purchasers of such interests will not receive certificates representing their interests in the 2025 Series O Bonds. Principal and interest are payable directly to the Securities Depository by the Trustee. Upon receipt of payments of principal and interest, the Securities Depository will in turn remit such principal and interest to the Securities Depository’s Direct Participants (as such term is hereinafter defined) for subsequent disbursement to the purchasers of interests in the 2025 Series O Bonds. See APPENDIX C – “BOOK-ENTRY SYSTEM.”

### Redemption Provisions\*

**Optional Redemption.** On any date on or after [ ] 15, 20\_\_, the 2025 Series O Bonds maturing on and after [ ] 15, 20\_\_ are subject to redemption prior to their stated maturities at the option of SMUD, from any source of available funds, as a whole or in part, by lot, at the principal amount thereof, without premium, together with accrued interest to the date fixed for redemption.

**Mandatory Redemption.** The 2025 Series O Bonds maturing on [ ] 15, 20[ ]\*, are subject to mandatory redemption prior to maturity, in part, by lot, from sinking fund payments required for the 2025 Series O Bonds by the Sixty-Eighth Supplemental Resolution at the principal amount thereof together with the accrued interest thereon to the date fixed for redemption, without premium, as shown below:

Sinking Fund Payment Dates ([ ] 15)*	Principal Amount*
_____	_____

† Maturity.

The 2025 Series O Bonds maturing on [ ] 15, 20[ ]\*, are subject to mandatory redemption prior to maturity, in part, by lot, from sinking fund payments required for the 2025 Series O Bonds by the Sixty-Eighth Supplemental Resolution at the principal amount thereof together with the accrued interest thereon to the date fixed for redemption, without premium, as shown below:

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\* Preliminary, subject to change.



Sinking Fund Payment Dates ([ ] 15)*	Principal Amount*

† Maturity.

***Selection of Bonds for Redemption.*** If less than all of a maturity of the 2025 Series O Bonds is to be redeemed, the Trustee shall select the 2025 Series O Bonds of such maturity to be redeemed, from the Outstanding 2025 Series O Bonds of such maturity not previously called for redemption, by lot in any manner the Trustee deems fair. For so long as the book-entry only system is in effect with respect to the 2025 Series O Bonds, DTC shall select the 2025 Series O Bonds to be redeemed in accordance with the procedures of DTC.

***Notice of Redemption.*** Notice of redemption for the 2025 Series O Bonds will be given by publication at least once in financial newspapers or journals, selected by the Trustee, of general circulation in San Francisco, California, Chicago, Illinois, and New York, New York, each such publication to be not less than 20 nor more than 60 days before the date fixed for redemption, if at any time the 2025 Series O Bonds are not in book entry form. Notice also will be mailed to the registered owners of any 2025 Series O Bonds designated for redemption, but failure to mail such notice or any defect therein with respect to any particular 2025 Series O Bond will not affect the validity of the proceedings for the redemption of any other 2025 Series O Bonds. For so long as the book-entry-only system is in effect with respect to the 2025 Series O Bonds, the Trustee will mail notice of redemption solely to DTC or its nominee or its successor. Any failure of DTC or its successor, or of a direct or indirect DTC participant, to notify a beneficial owner of a 2025 Series O Bond of any redemption will not affect the sufficiency or validity of the redemption of any 2025 Series O Bond. See APPENDIX C – “BOOK-ENTRY SYSTEM.” SMUD may instruct the Trustee to give conditional notice of optional redemption, which may be conditioned upon the receipt of moneys or any other event. SMUD may rescind any notice of optional redemption of 2025 Series O Bonds by giving written notice to the Trustee of such rescission no later than two business days prior to the date specified for redemption.



## DEBT SERVICE SCHEDULE

The following table sets forth the debt service requirements with respect to the 2025 Series O Bonds. See also APPENDIX A – “INFORMATION REGARDING SACRAMENTO MUNICIPAL UTILITY DISTRICT – CAPITAL REQUIREMENTS AND OUTSTANDING INDEBTEDNESS – Outstanding Indebtedness – *Debt Service Requirements.*”

## 2025 Series O Bonds

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	\$	\$	\$

<u>          </u>	<u>          </u>	<u>          </u>
<u>\$</u>	<u>\$</u>	<u>\$</u>
<u>          </u>	<u>          </u>	<u>          </u>

## SECURITY FOR THE BONDS

## General

The principal of and premium, if any, and interest on the Bonds, together with other Parity Bonds, are payable exclusively from, and are secured by a pledge (effected in the manner and to the extent provided in the Resolution) of, the Net Revenues of the Electric System of SMUD.

Neither the credit nor the taxing power of SMUD is pledged to the payment of the Bonds and the general fund of SMUD is not liable for the payment thereof. The owners of the Bonds cannot compel the exercise of any taxing power of SMUD or the forfeiture of any of its property. The Bonds are not a legal or equitable pledge, charge, lien or encumbrance upon any of SMUD's property (including the Electric System) or upon any of its income, receipts or revenues except the Net Revenues of the Electric System to the extent of the pledge thereof contained in the Resolution.

## Consent to Amendments to the Resolution

The purchasers of the 2025 Series O Bonds, by virtue of their purchase of the 2025 Series O Bonds, will consent to certain amendments to the Resolution (the “Proposed Amendments”). Such amendments are described in ***bold italic*** font herein under “SECURITY FOR THE BONDS – Rates and Charges” and “– Limitations on Additional Obligations Payable from Revenues” and in APPENDIX D – “SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION – Certain Definitions” and “– Reserve Fund for Certain Bonds.” The written consents to the Proposed Amendments of the holders and registered owners of at least 60% of the Bonds outstanding have been filed with SMUD or the Trustee, as required by the Resolution. [However, while certain Bonds remain outstanding, SMUD must also obtain the written consents of certain bond insurers to implement the Proposed Amendments. SMUD expects to implement the Proposed Amendments when the written consents of such bond insurers are obtained or



when the Bonds insured by such bond insurers are no longer outstanding. The final maturity date of the insured Bonds is [ ] 1, 20[ ].]

### **Allocation of Revenues**

After making an allocation of Revenues to Maintenance and Operation Costs and to Energy Payments not included in Maintenance and Operation Costs, the Treasurer of SMUD is required (subject to the last paragraph of this section) to set aside, on an equal priority with sums set aside for all other Parity Bonds, Net Revenues as follows:

**First:** To the Electric Revenue Bond Interest Fund, in approximately equal monthly installments on or before the first day of each month, an amount equal to at least one-fifth (1/5) of the aggregate amount of interest becoming due on the Bonds on the next succeeding semiannual interest payment date, until an amount sufficient to meet said interest payment is accumulated.

**Second:** To the Electric Revenue Bond Redemption Fund, to be set aside in the Principal Account and Sinking Fund, respectively, in approximately equal monthly installments on or before the first day of each month, an amount equal to at least one-tenth (1/10) of the aggregate amount of principal becoming due on serial Bonds and the aggregate minimum sinking fund payments required to be made with respect to term Bonds during the next ensuing 12 months, until an amount sufficient to meet the principal and sinking fund requirements on all Bonds outstanding is accumulated in said accounts, respectively.

**Third:** To the Electric Revenue Bond Reserve Fund, such amounts as any supplemental resolution authorizing the issuance of a series of Bonds may require to build up and maintain said fund.

If interest on Bonds of a series or maturity is payable more frequently than semiannually, the Treasurer of SMUD shall set aside out of Net Revenues in the Interest Fund such amounts as may be required to pay interest on the Bonds of such series or maturity on each interest payment date at least one month prior to such interest payment date. Allocation to the Electric Revenue Bond Redemption Fund and Electric Revenue Bond Reserve Fund shall be made as set forth above.

All remaining Revenues, after making the foregoing allocations, will be available to SMUD for all lawful SMUD purposes.

From time to time, SMUD may deposit in the Rate Stabilization Fund from such remaining Revenues such amounts as SMUD shall determine, provided that deposits in the Rate Stabilization Fund from remaining Revenues in any fiscal year may be made until (but not after) the date 120 days after the end of such fiscal year. SMUD may withdraw amounts from the Rate Stabilization Fund only for inclusion in Revenues for any fiscal year, such withdrawals to be made until (but not after) 120 days after the end of such fiscal year. All interest or other earnings upon deposits in the Rate Stabilization Fund shall be withdrawn therefrom and accounted for as Revenues. No deposit of Revenues to the Rate Stabilization Fund may be made to the extent such Revenues were included in any certificate submitted in connection with the issuance of additional bonds and withdrawal of the Revenues from the Revenues employed in rendering said certificate would have caused noncompliance with the additional bond provisions or to the extent withdrawals of the Revenues for any fiscal year would have reduced the debt



service ratio for such fiscal year to or below 1.40:1.00. See APPENDIX A – “RATES AND CUSTOMER BASE – Rates and Charges” for a description of the balance in the Rate Stabilization Fund.

With respect to Bonds of a series issued on or after October 1, 2003 (including the 2025 Series O Bonds), notwithstanding the foregoing, so long as the Bonds of such series or maturity are outstanding, the supplemental resolution authorizing the issuance of such series shall require the Treasurer, out of Net Revenues received by SMUD, to set aside in the Interest Fund and the Principal Account, respectively, such amounts as may be required so that an amount equal to the amount of principal and/or interest becoming due and payable on the Bonds of such series or maturity on each interest payment date and principal payment date is on deposit in the Interest Fund and the Principal Account, respectively, at such time on or prior to such interest payment date or principal payment date as shall be specified in the supplemental resolution authorizing such Bonds.

### **Rates and Charges**

SMUD has covenanted in the Resolution to establish and at all times maintain and collect rates and charges for the sale or use of electric energy generated, transmitted, distributed or furnished by SMUD which, together with certain items of other income permitted under the Resolution, will yield Revenues at least sufficient, with respect to the ensuing 12 months, to pay and provide for all sums required for Maintenance and Operation Costs and Energy Payments not included in Maintenance and Operation Costs and, in addition, to provide an aggregate sum equal to at least 1.20 times the total amount required for the payment of principal and interest, together with any sinking fund or reserve fund payments, on the Bonds and all Parity Bonds, in each case during such 12 months.

For purposes of the calculations of payments to be made pursuant to the Resolution, the interest rates on Parity Bonds which bear a variable rate of interest or a rate subject to periodic adjustment or to being fixed at some date after issuance shall be, if such Parity Bonds bear a rate or rates of interest for a known period or periods of time, such rate or rates of interest for such period or periods and thereafter, for the portion of the calculation period not covered by such known period or periods, the Assumed Interest Rate.

For purposes of the above calculations of principal of and interest on Parity Bonds, if a Financial Products Agreement has been entered into by SMUD with respect to any Parity Bonds, interest on such Parity Bonds shall be included in the calculation of such principal and interest by including for each fiscal year or period an amount equal to the amount of interest payable on such Parity Bonds in such fiscal year or period at the rate or rates stated in such Parity Bonds plus any Financial Product Payments payable in such fiscal year or period minus any Financial Product Receipts receivable in such fiscal year or period; provided that in no event shall any calculation made pursuant to this clause result in a number less than zero being included in the calculation of such principal and interest.

For purposes of the above calculations of principal of and interest on Parity Bonds, Excluded Principal Payments shall be disregarded (but interest on the Parity Bonds to which such Excluded Principal Payments relate shall be included until but not after the stated due date when principal payments on such Parity Bonds are scheduled by their terms to commence) and Assumed Principal Payments and Assumed Interest Payments shall be included; and for purposes of the above calculations of interest on Parity Bonds, the interest rates on Parity Bonds which bear a variable rate of interest or a rate subject to periodic adjustment or to being fixed at some date after issuance shall be, if such Parity Bonds bear a rate or rates of interest for a known period or periods of time, such rate or rates of interest for such period or periods and thereafter, for the portion of the calculation period not covered by such known period or periods, the Assumed Interest Rate.



SMUD has full power to establish rates and charges for all SMUD services, and the levels of such rates are not subject to review or regulation by any other governmental agency, either federal or state.

***For purposes of the calculations specified in this section: (1) any calculation of principal of and interest on Parity Bonds for any period of time shall be reduced by the amount of any Subsidy that SMUD receives or expects to receive during such period of time relating to or in connection with such Parity Bonds; and (2) to the extent the calculation of principal of and interest on Parity Bonds is reduced by the Subsidy as provided in clause (1) of this paragraph, any calculation of Revenues for any period of time shall be reduced by the amount of any Subsidy received or expected to be received by SMUD with respect to or in connection with such Parity Bonds during such period of time.***

See APPENDIX D hereto for the definitions of certain capitalized terms used in this section.

### **Limitations on Additional Obligations Payable from Revenues**

The Resolution provides that SMUD will not, so long as any Bonds are outstanding, issue any obligations payable in whole or in part from Revenues except the following:

1. Refunding bonds issued solely to refund all or part of the Bonds or Parity Bonds;
2. General obligation bonds or other securities secured by the full faith and credit of SMUD;
3. Additional revenue bonds (including additional Bonds under the Resolution and additional Parity Bonds), payable on a parity with the Bonds, with an equal lien and charge upon the Revenues, but only subject to the following conditions:
  - (a) Such additional revenue bonds shall have been authorized for and the proceeds therefrom required to be applied to additions, betterments, extensions or improvements to the Electric System (and necessary costs of issuance, interest during construction and reserve funds);
  - (b) The proceedings for the issuance of such additional revenue bonds shall require SMUD to fix and collect rates and charges in an amount not less, with respect to such bonds, than the amounts required with respect to Bonds issued under the Resolution;
  - (c) SMUD shall not then be in default under the Resolution or other resolutions authorizing the issuance of Parity Bonds; and
  - (d) The Trustee shall receive a certificate of SMUD to the effect (i) that Net Revenues, after completion of the improvements proposed to be financed by such additional revenue bonds, will be sufficient to pay the principal of and interest (and bond reserve fund requirements) on all Bonds and Parity Bonds then outstanding and on such additional revenue bonds; and (ii) that for a period of 12 consecutive months during the 24 months immediately preceding the issuance of the additional revenue bonds the Net Revenues have been at least equal to 1.25 times maximum annual debt service on all Bonds and Parity Bonds then outstanding and on such additional revenue bonds (after adjusting Net Revenues to include 75 percent of the estimated additional Net Revenues to be derived from an increase in rates and charges or from the acquisition of an existing revenue producing electric system); and
4. Revenue bonds junior and subordinate to the Bonds and Parity Bonds.

For purposes of the above calculations, Excluded Principal Payments shall be disregarded (but interest on the Parity Bonds to which such Excluded Principal Payments relate shall be included until but



not after the stated due date when principal payments on such Parity Bonds are scheduled by their terms to commence) and Assumed Principal Payments and Assumed Interest Payments shall be included; and for purposes of the above calculations of interest on Parity Bonds, the interest rates on Parity Bonds which bear a variable rate of interest or a rate subject to periodic adjustment or to being fixed at some date after issuance shall be, if such Parity Bonds bear a rate or rates of interest for a known period or periods of time, such rate or rates of interest for such period or periods and thereafter, for the portion of the calculation period not covered by such known period or periods, the Assumed Interest Rate.

For purposes of the above calculations of principal of and interest on Parity Bonds, if a Financial Products Agreement has been entered into by SMUD with respect to any Parity Bonds, interest on such Parity Bonds shall be included in the calculation of such principal and interest by including for each fiscal year or period an amount equal to the amount of interest payable on such Parity Bonds in such fiscal year or period at the rate or rates stated in such Parity Bonds plus any Financial Product Payments payable in such fiscal year or period minus any Financial Product Receipts receivable in such fiscal year or period; provided that in no event shall any calculation made pursuant to this clause result in a number less than zero being included in the calculation of such principal and interest.

***For purposes of the calculations specified in this section: (1) any calculation of principal of and interest on Parity Bonds for any period of time shall be reduced by the amount of any Subsidy that SMUD receives or expects to receive during such period of time relating to or in connection with such Parity Bonds; and (2) to the extent the calculation of principal of and interest on Parity Bonds is reduced by the Subsidy as provided in clause (1) of this paragraph, any calculation of Net Revenues for any period of time shall be reduced by the amount of any Subsidy received or expected to be received by SMUD with respect to or in connection with such Parity Bonds during such period of time.***

See APPENDIX A – “INFORMATION REGARDING SACRAMENTO MUNICIPAL UTILITY DISTRICT – CAPITAL REQUIREMENTS AND OUTSTANDING INDEBTEDNESS – Estimated Capital Requirements” for a description of SMUD’s projected capital requirements. Such capital requirements may be satisfied through the issuance of additional Bonds or Parity Bonds.

See APPENDIX D hereto for the definitions of certain capitalized terms used in this section.

## **SACRAMENTO MUNICIPAL UTILITY DISTRICT**

SMUD owns and operates an electric system that has provided retail electric service since 1946. SMUD’s current service area is approximately 900 square miles, and includes the principal parts of Sacramento County and small portions of Placer and Yolo counties. For a full description of SMUD, its history, organization, operations, and financial performance, certain developments in the energy markets, certain factors affecting the electric utility industry, and certain regulatory and other matters, see APPENDIX A – “INFORMATION REGARDING SACRAMENTO MUNICIPAL UTILITY DISTRICT.”

## **ABSENCE OF LITIGATION REGARDING THE 2025 SERIES O BONDS**

SMUD is not aware of any action, suit or proceeding, threatened or pending, to restrain or enjoin the issuance, sale or delivery of the 2025 Series O Bonds, or in any way contesting or affecting the validity of the 2025 Series O Bonds or any of the proceedings of SMUD taken with respect to the 2025 Series O Bonds. SMUD is not aware of any action, suit or proceeding, threatened or pending, questioning the corporate existence of SMUD, or the title of the officers of SMUD to their respective offices, or the power and authority of SMUD to execute and deliver the 2025 Series O Bonds. For a description of



certain litigation in which SMUD is involved, see APPENDIX A – “INFORMATION REGARDING SACRAMENTO MUNICIPAL UTILITY DISTRICT – LEGAL PROCEEDINGS.”

## **UNDERWRITING**

Barclays Capital Inc. (“Barclays”), as representative of itself, BofA Securities, Inc., J.P. Morgan Securities LLC, PNC Capital Markets LLC, Goldman Sachs & Co. LLC, Morgan Stanley & Co. LLC and Wells Fargo Bank, National Association (each, an “Underwriter” and, collectively, the “Underwriters”) have jointly and severally agreed, subject to certain customary conditions to closing, to purchase the 2025 Series O Bonds from SMUD at an aggregate purchase price of \$\_\_\_\_\_ (being the aggregate principal amount of the 2025 Series O Bonds, [plus/less] [net] original issue [premium/discount] of \$\_\_\_\_\_, and less Underwriters’ discount of \$\_\_\_\_\_). The Underwriters will be obligated to purchase all 2025 Series O Bonds if any 2025 Series O Bonds are purchased. The Underwriters have agreed to make a public offering of the 2025 Series O Bonds at the initial offering prices set forth on the inside cover page hereof. The 2025 Series O Bonds may be offered and sold to certain dealers (including underwriters and other dealers depositing such bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriters.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for SMUD for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of, or issued for the benefit of, SMUD.

BofA Securities, Inc., an underwriter of the 2025 Series O Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPF&S”). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the 2025 Series O Bonds.

Wells Fargo Corporate & Investment Banking is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Finance Group (“WFBNA”), one of the underwriters of the 2025 Series O Bonds, has entered into an agreement (the “WFA Distribution Agreement”) with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name “Wells Fargo Advisors”) (“WFA”), for the distribution of certain municipal securities



offerings, including the 2025 Series O Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting compensation with respect to the 2025 Series O Bonds with WFA. WFBNA has also entered into an agreement (the “WFSLLC Distribution Agreement”) with its affiliate Wells Fargo Securities, LLC (“WFSLLC”), for the distribution of municipal securities offerings, including the 2025 Series O Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC’s expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

### **MUNICIPAL ADVISOR**

SMUD has retained PFM Financial Advisors LLC, as Municipal Advisor in connection with various matters relating to the delivery of the 2025 Series O Bonds. The Municipal Advisor assumes no responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. The Municipal Advisor is an independent advisory firm and is not engaged in underwriting or distribution of securities. The Municipal Advisor will receive compensation that is contingent upon the sale, issuance and delivery of the 2025 Series O Bonds.

### **APPROVAL OF LEGAL PROCEEDINGS**

The validity of the 2025 Series O Bonds and certain other legal matters are subject to the approval of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to SMUD. The approving opinion of Bond Counsel will be delivered with the 2025 Series O Bonds in substantially the form appearing in APPENDIX E. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed on for the Underwriters by Nixon Peabody LLP, San Francisco, California, counsel to the Underwriters. Counsel to the Underwriters will receive compensation that is contingent upon the sale, issuance and delivery of the 2025 Series O Bonds.

### **FINANCIAL STATEMENTS**

SMUD’s audited, consolidated financial statements for the years ended December 31, 2024 and December 31, 2023 are included in APPENDIX B attached to this Official Statement. These financial statements have been audited by Baker Tilly US, LLP, Madison, Wisconsin (the “Auditor”), for the periods indicated and to the extent set forth in their report thereon and should be read in their entirety. SMUD has not requested nor did it obtain permission from the Auditor to include the audited, consolidated financial statements as an appendix to this Official Statement. Accordingly, the Auditor has not performed any procedures to review the financial condition or operations of SMUD subsequent to the date of its report included therein, nor has it reviewed any information contained in this Official Statement.

### **TAX MATTERS**

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to SMUD (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2025 Series O Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the 2025 Series O Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the 2025 Series O Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the



ownership or disposition of, or the amount, accrual or receipt of interest on, the 2025 Series O Bonds. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX E hereto.

To the extent the issue price of any maturity of the 2025 Series O Bonds is less than the amount to be paid at maturity of such 2025 Series O Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 2025 Series O Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the 2025 Series O Bonds which is excluded from gross income for federal income tax purposes and exempt from State of California personal income taxes. For this purpose, the issue price of a particular maturity of the 2025 Series O Bonds is the first price at which a substantial amount of such maturity of the 2025 Series O Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the 2025 Series O Bonds accrues daily over the term to maturity of such 2025 Series O Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such 2025 Series O Bonds to determine taxable gain or loss upon trade or business disposition (including sale, redemption, or payment on maturity) of such 2025 Series O Bonds. Beneficial Owners of the 2025 Series O Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2025 Series O Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such 2025 Series O Bonds in the original offering to the public at the first price at which a substantial amount of such 2025 Series O Bonds is sold to the public.

2025 Series O Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2025 Series O Bonds. SMUD has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the 2025 Series O Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the 2025 Series O Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 2025 Series O Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel’s attention after the date of issuance of the 2025 Series O Bonds may adversely affect the value of, or the tax status of interest on, the 2025 Series O Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the 2025 Series O Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the 2025 Series O Bonds may otherwise affect a Beneficial Owner’s federal, state or local tax liability.



The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the 2025 Series O Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the 2025 Series O Bonds. Prospective purchasers of the 2025 Series O Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the 2025 Series O Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of SMUD, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. SMUD has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the 2025 Series O Bonds ends with the issuance of the 2025 Series O Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend SMUD or the Beneficial Owners regarding the tax-exempt status of the 2025 Series O Bonds in the event of an audit examination by the IRS. Under current procedures, Beneficial Owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which SMUD legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the 2025 Series O Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the 2025 Series O Bonds, and may cause SMUD or the Beneficial Owners to incur significant expense.

Payments on the 2025 Series O Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate Beneficial Owner of 2025 Series O Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the 2025 Series O Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the 2025 Series O Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a Beneficial Owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain Beneficial Owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.



## **CONTINUING DISCLOSURE UNDERTAKING**

Pursuant to the Continuing Disclosure Agreement, SMUD will covenant for the benefit of the holders and the “Beneficial Owners” (as defined in the Continuing Disclosure Agreement) of the 2025 Series O Bonds to provide certain financial information and operating data relating to SMUD by not later than 180 days after the end of each of SMUD’s fiscal years (presently, each December 31), commencing with the report for the year ending December 31, 2025 (the “Annual Report”), and to provide notices of the occurrence of certain listed events with respect to the 2025 Series O Bonds. The Annual Report will be filed by or on behalf of SMUD with the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access system (“EMMA”) and any notices of such listed events will be filed by or on behalf of SMUD with the MSRB through EMMA. The specific nature of the information to be contained in the Annual Report and the notices of listed events are set forth in the form of the Continuing Disclosure Agreement which is included in its entirety in APPENDIX F hereto. SMUD’s covenant will be made in order to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12.

In a limited number of circumstances, certain of the annual reports, audited financial statements or listed event filings required to be made by SMUD during the last five years under its continuing disclosure undertakings were not connected to all of the CUSIP numbers of the bonds subject to the continuing disclosure undertakings. In addition, SMUD entered into two subordinated forward starting interest rate swaps in December 2019 and filed a notice of the interest rate swaps with the MSRB through EMMA in April 2020. In a limited number of circumstances during the last five years, SMUD has filed notices of ratings upgrades with respect to certain bonds later than the time required for such filings under its continuing disclosure undertakings for such bonds.

## **RATINGS**

Fitch Ratings, Inc. (“Fitch”) and Moody’s Investors Service, Inc. (“Moody’s”) have assigned ratings of “[ ]” and “[ ],” respectively, to the 2025 Series O Bonds. Such ratings reflect only the views of such organizations and are not a recommendation to buy, sell or hold the 2025 Series O Bonds. Explanations of the significance of such ratings may be obtained only from the respective rating agencies. SMUD has furnished to Fitch and Moody’s certain information and materials concerning the 2025 Series O Bonds and itself. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such ratings will continue for any given period or that they will not be revised downward, suspended or withdrawn entirely by the respective rating agencies, if in the judgment of such rating agency, circumstances so warrant. SMUD has not, other than as described under “CONTINUING DISCLOSURE UNDERTAKING” above, and the Underwriters have not undertaken any responsibility either to bring to the attention of the holders or beneficial owners of the 2025 Series O Bonds any proposed revision, suspension or withdrawal of any rating on the 2025 Series O Bonds or to oppose any such proposed revision, suspension or withdrawal. Any such downward revision, suspension or withdrawal of such ratings may have an adverse effect on the market price or marketability of the 2025 Series O Bonds.

## **MISCELLANEOUS**

This Official Statement includes descriptions of the terms of the 2025 Series O Bonds, power purchase agreements with certain other parties, pooling and other agreements, the Resolution and certain provisions of the Act. Such descriptions do not purport to be complete, and all such descriptions and references thereto are qualified in their entirety by reference to each such document.



Copies of the Resolution, which forms a contract with the Holders of the 2025 Series O Bonds, will be made available upon request.

This Official Statement has been duly authorized by the Board of Directors of SMUD.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By: \_\_\_\_\_  
Chief Executive Officer and General Manager



## **APPENDIX A**

### **INFORMATION REGARDING SACRAMENTO MUNICIPAL UTILITY DISTRICT**



**APPENDIX B**

**2024 AND 2023 CONSOLIDATED FINANCIAL STATEMENTS  
AND REPORT OF INDEPENDENT ACCOUNTANTS**



## APPENDIX C

### BOOK-ENTRY SYSTEM

The information in this Appendix regarding DTC has been provided by DTC, and SMUD takes no responsibility for the accuracy or completeness thereof. SMUD cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute the Beneficial Owners either (a) payments of interest or principal with respect to the 2025 Series O Bonds or (b) certificates representing ownership interest in or other confirmation of ownership interest in the 2025 Series O Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement.

The Depository Trust Company (“DTC”) New York, NY, will act as securities depository for the 2025 Series O Bonds. The 2025 Series O Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond certificate will be issued for each maturity of the 2025 Series O Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others, such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the 2025 Series O Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2025 Series O Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2025 Series O Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2025 Series O Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their beneficial ownership interests in the 2025 Series O Bonds, except in the event that use of the book-entry system for the 2025 Series O Bonds is discontinued.



To facilitate subsequent transfers, all 2025 Series O Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of the 2025 Series O Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2025 Series O Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2025 Series O Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the 2025 Series O Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2025 Series O Bonds, such as redemptions, tenders, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of the 2025 Series O Bonds may wish to ascertain that the nominee holding the 2025 Series O Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

Redemption notices shall be sent to DTC. If less than all of a maturity of the 2025 Series O Bonds is being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the 2025 Series O Bonds of such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2025 Series O Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to SMUD as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2025 Series O Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, redemption proceeds and interest payments on the 2025 Series O Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from SMUD or the Trustee, on a payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participants and not of DTC, its nominee, the Trustee or SMUD, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, redemption proceeds and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of the Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2025 Series O Bonds at any time by giving reasonable notice to SMUD or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.



SMUD may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond certificates for such 2025 Series O Bonds will be printed and delivered to DTC.

**Neither SMUD or the Trustee will have any responsibility or obligation to Participants, to Indirect Participants or to any Beneficial Owner with respect to (i) the accuracy of any records maintained by DTC, any Participant, or any Indirect Participant; (ii) the payment by DTC or any Participant or Indirect Participant of any amount with respect to the principal of or premium, if any, or interest on the 2025 Series O Bonds; (iii) any notice which is permitted or required to be given to Holders under the Resolution; (iv) the selection by DTC, any Participant or any Indirect Participant of any person to receive payment in the event of a partial redemption of 2025 Series O Bonds; (v) any consent given or other action taken by DTC as Bondholder; or (vi) any other procedures or obligations of DTC, Participants or Indirect Participants under the book-entry system.**



## APPENDIX D

### SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

The following is a summary of certain provisions of the Resolution. Other provisions of the Resolution are described under the captions “THE 2025 SERIES O BONDS” and “SECURITY FOR THE BONDS.” This summary is not to be considered a full statement of the terms of the Resolution and accordingly is qualified by reference thereto and is subject to the full text thereof. Capitalized terms not otherwise defined in this Official Statement shall have the meanings ascribed thereto in the Resolution.

Between July 1997 and August 2003, SMUD received consents to amend the Resolution from the owners of the requisite percentage of Outstanding Bonds. Pursuant to the authority granted by such consents, SMUD amended the Resolution in October 2003 by adopting the Forty-Eighth Supplemental Resolution and the Forty-Ninth Supplemental Resolution. The following summary of the Resolution reflects such amendments.

The purchasers of the 2025 Series O Bonds, by virtue of their purchase of the 2025 Series O Bonds, will consent to certain amendments to the Resolution (the “Proposed Amendments”). Such amendments are described in ***bold italic*** font in the forepart of this Official Statement under “SECURITY FOR THE BONDS – Rates and Charges” and “—Limitations on Additional Obligations Payable from Revenues” and in this summary of the Resolution under the captions “Certain Definitions” and “Reserve Fund for Certain Bonds.” The written consents to the Proposed Amendments of the holders and registered owners of at least 60% of the Bonds outstanding have been filed with SMUD or the Trustee, as required by the Resolution. [However, while certain Bonds remain outstanding SMUD must also obtain the written consents of certain bond insurers to implement the Proposed Amendments. SMUD expects to implement the Proposed Amendments when the written consents of such bond insurers are obtained or when the Bonds insured by such bond insurers are no longer outstanding. The final maturity date of the insured Bonds is July 1, 2024.]

#### Certain Definitions

“Assumed Interest Payments” means for any fiscal year or period interest which would accrue during such fiscal year or period on an amount equal to the then unamortized balance of the remaining sum of Assumed Principal Payments at the Assumed Interest Rate.

“Assumed Interest Rate” for any Parity Bond means an interest rate equal to the “Bond Buyer Revenue Bond Index” most recently published in The Bond Buyer prior to the date of issuance of the Parity Bond to which the Assumed Interest Rate is applicable.

“Assumed Principal Payments” means for any fiscal year or period the sum of all amortized portions of each Excluded Principal Payment which fall within such fiscal year or period after the Excluded Principal Payments have been amortized (for purposes of this definition) equally over the years (pro rata in the case of a partial year) in the period commencing on the date of issuance of the Parity Bonds to which such Excluded Principal Payment relates and ending on the date which is 30 years from such date of issuance. Notwithstanding the foregoing, if Parity Bonds determined by SMUD to be an Excluded Principal Payment are refinanced with Parity Bonds determined by SMUD to be another Excluded Principal Payment, (1) Assumed Principal Payments with respect to the refinancing Parity Bonds shall not include any amount of principal which has previously been assumed amortized with respect to the refinanced Parity Bonds and (2) the period over which the refinancing Parity Bonds shall be assumed to be amortized shall be the period commencing on the date of issuance of the refinancing Parity Bonds and ending on the date which is 30 years from the date of issuance of the refinanced Parity Bonds.



“Electric System” means the entire electric system of SMUD, together with all additions, betterments, extensions and improvements.

“Energy Payments” means, when used with respect to the Electric System, all actual costs incurred, or charges made therefor, by SMUD in any particular fiscal year or period to which said term is applicable for purchased power (including power purchased from any special district included within the boundaries of SMUD), electric and thermal energy and capacity under contracts providing for payments by SMUD for electric or thermal energy or capacity whether or not such energy or capacity is delivered or capable of being delivered or otherwise made available to or received by or for the account of SMUD.

“Excluded Principal Payments” means each payment of principal on Parity Bonds which the Board of Directors of SMUD determines (on a date not later than the date of issuance of such Parity Bonds) that SMUD intends to refinance at or prior to the maturity date(s) of such Parity Bonds or otherwise to pay with moneys which are not Revenues. No such determination shall affect the security for such Parity Bonds or the obligation of SMUD to pay such payments from Revenues.

“Financial Products Agreement” means an interest rate swap, cap, collar, option, floor, forward or other hedging agreement, arrangement or security, however denominated, entered into by SMUD with a Qualified Provider not for investment purposes but with respect to specific Parity Bonds for the purpose of (1) reducing or otherwise managing SMUD’s risk of interest rate changes or (2) effectively converting SMUD’s interest rate exposure, in whole or in part, from a fixed rate exposure to a variable rate exposure, or from a variable rate exposure to a fixed rate exposure.

“Financial Product Payments” means payments periodically required to be paid to a counterparty by SMUD pursuant to a Financial Products Agreement.

“Financial Product Receipts” means amounts periodically required to be paid to SMUD by a counterparty pursuant to a Financial Products Agreement.

“Maintenance and Operation Costs” means all actual maintenance and operation costs incurred by SMUD (including purchased power and fuel costs) or charges therefor made in conformity with generally accepted accounting principles, exclusive in all cases of depreciation, or obsolescence charges or reserves therefor, amortization of intangibles or other entries of a similar nature, interest charges and charges for the payment of principal of SMUD debt.

“Net Revenues” for any fiscal period means the sum of (a) the Revenues for such fiscal period plus (b) the amounts, if any, withdrawn by SMUD from the Rate Stabilization Fund for treatment as Revenues for such fiscal period, less the sum of (c) all Maintenance and Operation Costs for such fiscal period, (d) all Energy Payments for such fiscal period not included in Maintenance and Operation Costs for such fiscal period, and (e) the amounts, if any, withdrawn by SMUD from Revenues for such fiscal period for deposit in the Rate Stabilization Fund pursuant to the Resolution.

“Parity Bonds” includes the Bonds and all revenue bonds issued on a parity with the Bonds as provided or permitted in the Resolution. No Parity Bonds (other than the Bonds) are currently outstanding.



“Qualified Provider” means any financial institution or insurance company which is a party to a Financial Products Agreement if the unsecured long-term debt obligations of such financial institution or insurance company (or of the parent or a subsidiary of such financial institution or insurance company if such parent or subsidiary unconditionally guarantees the performance of such financial institution or insurance company under such Financial Products Agreement and the Trustee receives an opinion of counsel to the effect that such guarantee is a valid and binding agreement of such parent or subsidiary), or obligations secured or supported by a letter of credit, contract, guarantee, agreement, insurance policy or surety bond issued by such financial institution or insurance company (or such guarantor parent or subsidiary), are rated in one of the two highest rating categories of a national rating agency (without regard to any gradation or such rating category) at the time of the execution and delivery of the Financial Products Agreement.

“Rate Stabilization Fund” means the fund by that name established in the Resolution. From time to time, after provision for debt service, SMUD may deposit in the Rate Stabilization Fund from remaining Revenues such amounts as SMUD shall determine, provided that deposits may be made until (but not after) the date 120 days after the end of such fiscal year. SMUD may withdraw amounts from the Rate Stabilization Fund only for inclusion in Revenues for any fiscal year, such withdrawals to be made until (but not after) 120 days after the end of such fiscal year. All interest or other earnings on deposits in the Rate Stabilization Fund shall be withdrawn therefrom and accounted for as Revenues. Notwithstanding the foregoing, no deposit of Revenues to the Rate Stabilization Fund may be made to the extent such Revenues were included in an engineer’s certificate submitted in connection with the issuance of additional revenue bonds payable from Revenues and withdrawal of the Revenues to be deposited in the Rate Stabilization Fund from the Revenues employed in rendering said engineer’s certificate would have caused noncompliance with the provisions of the Resolution restricting issuance of additional obligations or securities payable from Revenues or to the extent any withdrawal of amounts from remaining Revenues for the Rate Stabilization Fund for any fiscal year would have reduced the debt service ratio referred to in this Appendix under the caption “Reserve Fund for Certain Bonds” to or below 1.40.

“Revenues” means all charges received for, and all other income and receipts derived by SMUD from the operation of the Electric System, or arising from the Electric System (consisting primarily of income derived from the sale or use of electric energy generated, transmitted or distributed by facilities of the Electric System, but also including receipts from the sale of property pertaining to the Electric System or incidental to the operation of the Electric System or from services performed by SMUD in connection with the Electric System and revenues derived from certain wholesale, but not retail, sales of water), but exclusive in every case of any moneys derived from the levy or collection of taxes upon any taxable property in SMUD.

***“Subsidy” means any subsidy, reimbursement or other payment from the federal government of the United States of America under the American Recovery and Reinvestment Act of 2009 (or any similar legislation or regulation of the federal government of the United States of America or any other governmental entity or any extension of any of such legislation or regulation).***

### **Reserve Fund for Certain Bonds**

The Electric Revenue Bond Reserve Fund (the “Reserve Fund”) is created under the Resolution. The Reserve Fund secures all Bonds issued prior to January 1, 2004 that are currently outstanding (and not otherwise deemed to be paid and discharged under the Resolution) and may secure additional Bonds issued in the future. However, the Reserve Fund does not secure and will not be available to pay debt service on the 2025 Series O Bonds.



After the close of each fiscal year, SMUD shall determine the ratio (herein called the “debt service ratio”) of (1) the Net Revenues during said fiscal year to (2) the maximum annual debt service during the period of three fiscal years next following said fiscal year on all Bonds and Parity Bonds then outstanding. For this purpose, the term “maximum annual debt service” shall mean the sum of (i) the interest falling due on serial bonds and term bonds, (ii) the principal amount of serial bonds falling due by their terms, and (iii) the amount of minimum sinking fund payments required, as computed for the year in which such sum shall be a maximum. Interest during construction which has been funded and provided for shall not be included in “minimum annual debt service” for the purpose of the above calculation.

So long as the debt service ratio shall exceed 1.40, the amount required to be maintained in the Reserve Fund shall be an amount such that the amount in the combined reserve funds of all Parity Bonds then outstanding will at no time be less than the current annual interest requirements on all then outstanding Parity Bonds, except only bonds (if any) for which payment has been provided in advance. If the debt service ratio in any fiscal year shall fall below 1.40, the Treasurer shall set aside in the Reserve Fund or in any other reserve fund or funds established for any one or more issues of the Parity Bonds (on or before the first day of each month of the next succeeding fiscal year) from the first available Net Revenues an amount not less than 15% of the sum of the current monthly interest requirements of all Parity Bonds then outstanding until the next year in which the debt service ratio shall exceed 1.40 or until the aggregate amount in the combined reserve funds established for all of the Parity Bonds (including the Reserve Fund) is equal to the maximum annual debt service on all of the Parity Bonds then outstanding, whichever shall first occur.

For purposes of the above calculation, the interest rates of Bonds which bear a variable rate of interest or a rate subject to periodic adjustment or to being fixed at some date after issuance shall be, if such Bonds bear a rate or rates of interest for a known period or periods of time, such interest rate or rates for such period or periods, and thereafter, for the portion of the calculation period not covered by such known period or periods, the interest rate shall be the greater of the numerical maximum rate that such Bonds may vary or be adjusted to and the numerical maximum rate (if any) that the interest rate for such Bonds may be fixed to, in both cases as set forth in the supplemental resolution authorizing such Bonds, or if such rate or rates have been increased in accordance with such supplemental resolution at such increased rate or rates.

Any amount in the Reserve Fund at any time in excess of the balance required to be then maintained therein shall be released to SMUD for any SMUD use.

SMUD shall not be required, notwithstanding anything herein contained, to maintain in the combined reserve funds appertaining to all Parity Bonds of SMUD, an aggregate amount in excess of the maximum annual debt service requirements in any subsequent fiscal year on all of the then outstanding Parity Bonds.

Any moneys at any time in any of said reserve funds shall be held by the Treasurer in trust for the benefit of the holder or holders from time to time of the Bonds and the coupons appertaining thereto entitled to be paid therewith, and SMUD shall not have any beneficial right or interest in any such moneys.

Notwithstanding the foregoing, a Supplemental Resolution adopted after the Forty-Eighth Supplemental Resolution may provide that a Series of Bonds issued pursuant to such Supplemental Resolution shall not be secured by the Reserve Fund. In such event, (i) payments of the principal of and interest on such Bonds shall be excluded from all calculations made in respect of the amount to be maintained in the Reserve Fund and (ii) amounts on deposit in the Reserve Fund shall not be applied to the payment of the principal of or interest on such Bonds, even if no other moneys are available therefor.



**The 2025 Series O Bonds are not secured by the Reserve Fund.**

In lieu of maintaining and depositing moneys in the Reserve Fund, SMUD may maintain and deposit in the Reserve Fund, for the sole benefit of the holders of Parity Bonds, a letter of credit (1) which is issued by a bank with a credit rating at the time of deposit of such letter of credit into the Reserve Fund within one of the top two rating categories (without regard to any refinement or graduation of such rating category by numerical modifier or otherwise) of Moody's Investors Service ("Moody's") and Standard's & Poor's Rating Group, a division of The McGraw Hill Companies, Inc. ("S&P"), (2) the repayment obligation with respect to which is not secured by a lien on assets of SMUD senior to any lien which secures the Bondholders and (3) which has a term of at least 364 days from the date of issuance thereof. If the credit rating of the bank issuing such letter of credit falls below such top two rating categories, SMUD shall within twelve months of such downgrading either (a) substitute a new letter of credit satisfying the requirements of this paragraph, (b) fund the Reserve Fund through the deposit of cash or an irrevocable surety bond policy satisfying the requirements of the immediately succeeding paragraph or (c) fund the Reserve Fund through a combination of (a) and (b). At least 120 days prior to the expiration date of a letter of credit on deposit in the Reserve Fund, SMUD shall either (a) substitute a new letter of credit satisfying the requirements of this paragraph, (b) fund the Reserve Fund through the deposit of cash or an irrevocable surety bond policy satisfying the requirements of the immediately succeeding paragraph or (c) fund the Reserve Fund through a combination of (a) and (b). Any such letter of credit shall permit SMUD to draw amounts thereunder for deposit in the Reserve Fund which, together with any moneys on deposit in, or surety bond policy available to fund, the Reserve Fund, are not less than the balance required to then be maintained in the Reserve Fund (the "Reserve Fund Requirement") and which may be applied to any purpose for which moneys in the Reserve Fund may be applied. SMUD shall make a drawing on such letter of credit and deposit the moneys obtained from drawing in the Reserve Fund (a) whenever moneys are required for the purposes for which Reserve Fund moneys may be applied, and (b) prior to any expiration or termination thereof; provided, however, that no such drawing need be made if other moneys or an irrevocable surety bond are available in the Reserve Fund in the amount of the Reserve Fund Requirement.

In lieu of maintaining and depositing moneys in the Reserve Fund, SMUD also may maintain and deposit in the Reserve Fund, for the sole benefit of the holders of the Bonds, an irrevocable surety bond policy (1) which is issued by a bond insurance company with a claims-paying ability rating at the time of deposit of such surety bond policy into the Reserve Fund within one of the top two rating categories (without regard to any refinement or graduation of such rating category by numerical modifier or otherwise) from Moody's and S&P's, (2) the repayment obligation with respect to which is not secured by a lien on assets of SMUD senior to any lien which secures the Bondholders and (3) has a term of at least 364 days from the date of issuance thereof. If the credit rating of the bond insurance company issuing such surety bond policy falls below such top two rating categories, SMUD shall, within twelve months of such downgrading, either (a) substitute a new surety bond policy satisfying the requirements of this paragraph, (b) fund the Reserve Fund through the deposit of cash or a letter of credit satisfying the requirements of the immediately preceding paragraph or (c) fund the Reserve Fund through a combination of (a) and (b). At least 120 days prior to the expiration date of a surety bond policy on deposit in the Reserve Fund, SMUD shall either (a) substitute a new surety bond policy satisfying the requirements of this paragraph, (b) fund the Reserve Fund through the deposit of cash or a letter of credit satisfying the requirements of the immediately preceding paragraph or (c) fund the Reserve Fund through a combination of (a) and (b). Any such surety bond policy shall permit SMUD to obtain amounts thereunder for deposit in the Reserve Fund which, together with any moneys on deposit in, or letter of credit available to fund, the Reserve Fund, are not less than the Reserve Fund Requirement and which may be applied to any purpose for which moneys in the Reserve Fund may be applied. SMUD shall make a drawing on such surety bond policy and deposit the proceeds derived from such drawing in the Reserve Fund (a) whenever moneys are required for the purposes for which Reserve Fund moneys may be applied, and (b) prior to



any expiration or termination thereof; provided, however, that no such drawing need be made if other moneys or a letter of credit are available in the Reserve Fund in the amount of the Reserve Fund Requirement.

Notwithstanding anything to the contrary in the prior two paragraphs, if at any time that there is on deposit in the Reserve Fund a combination of cash, a letter of credit and/or a surety bond as contemplated above, SMUD shall draw first on such cash to the extent required and available, then on (1) such surety bond and letter of credit on a pro rata basis (if both a surety bond and letter of credit are available) to the extent required and available, or (2) such surety bond or letter of credit (if either a surety bond or letter of credit, but not both, is available) to the extent required and available.

***For purposes of calculating the “debt service ratio” and, unless otherwise specified in a Supplemental Resolution providing for the issuance of a series of Parity Bonds, the amount required to be maintained in the Reserve Fund as described above: (1) any calculation of principal of and interest on Parity Bonds for any period of time shall be reduced by the amount of any Subsidy that SMUD receives or expects to receive during such period of time relating to or in connection with such Parity Bonds; and (2) to the extent the calculation of principal of and interest on Parity Bonds is reduced by the Subsidy as provided in clause (1) of this paragraph, any calculation of Net Revenues for any period of time shall be reduced by the amount of any Subsidy received or expected to be received by SMUD with respect to or in connection with such Parity Bonds during such period of time.***

#### **Additional Covenants**

The Resolution contains the following additional covenants, among others:

1. That the Electric System will be maintained in good repair, working order and condition at all times, and will be continuously operated in an efficient and economical manner.
2. That no electric energy shall be supplied free by SMUD, and a reasonable wholesale charge will be made for water distributed at any cost to SMUD and such charge will be deemed Revenues; but SMUD may supply without charge water furnished to it without distribution cost, and any moneys received from any retail sales of water will not be deemed Revenues.
3. That all taxes and governmental charges and other lawful claims which might become a lien on the Electric System or the Revenues or impair the security of the Bonds will be paid and discharged when due.
4. That SMUD will comply with all lawful orders of any governmental agency or authority having jurisdiction in the premises (except while the validity or application thereof is being contested in good faith) and with all necessary permits and licenses issued by the NRC.
5. That no lease or agreement will be entered into, or sale or other disposition of essential property made, that would impair the operation of the Electric System or the rights of Bondholders with respect to the Revenues; provided, however, that notwithstanding the foregoing or any other provision of the Master Resolution, SMUD may sell or otherwise dispose of its accounts receivable and customer loan balances due to SMUD provided that SMUD delivers to the Trustee:
  - (a) a Certificate of SMUD to the effect that the amount derived by SMUD from the sale or other disposition of such accounts receivable or loan balances is a result of the sale or other disposition of such accounts receivable or loan balances upon fair and reasonable terms no



less favorable to SMUD than the terms of a comparable arm's-length transaction treated as a sale and not a loan under generally accepted accounting principles; and

(b) a written statement or report of an independent certified public accountant to the effect that, based on the audited financial statements of SMUD for the most recent fiscal year for which audited financial statements are available and after giving effect to such transaction by reducing Revenues for such fiscal year by the difference between the face amount of such accounts receivable or loan balances and the amount derived by SMUD from the sale or other disposition of such accounts receivable or loan balances, the debt service ratio computed pursuant to the Master Resolution would not have been reduced to less than 1.40:1.0.

6. That proper records and accounts will be maintained of all transactions relating to the Electric System and the Revenues (open to inspection by the Trustee and the holders of not less than 10 percent in principal amount of the Bonds), to be audited annually by an independent certified public accountant within 90 days after close of the fiscal year, and copies of such financial statements supplied to Bondholders on request.

7. That insurance adequate in amounts and as to risks covered will be maintained against such risks as are usually insurable in connection with similar electric systems, and in addition public liability and property damage insurance in amounts not less than \$1,000,000 per accident and adequate fidelity bonds on all officers and employees of SMUD handling or responsible for SMUD funds, subject in each case to the condition that such insurance is obtainable at reasonable rates and upon reasonable terms and conditions. See APPENDIX A – "INFORMATION REGARDING SACRAMENTO MUNICIPAL UTILITY DISTRICT – INSURANCE" attached to this Official Statement for a description of SMUD's insurance.

8. That the net proceeds realized by SMUD in the event all or any part of the Electric System is taken by eminent domain proceedings will be applied to the redemption or retirement of all Bonds and Parity Bonds if sufficient therefor, and, if not, then pro rata to the redemption or retirement of Bonds and Parity Bonds or to new facilities if the additional Revenues to be derived therefrom will sufficiently offset the loss of Revenues resulting from such eminent domain so that the ability of SMUD to meet its obligations will not be substantially impaired.

9. That SMUD will at all times use its best efforts to maintain the powers, functions and duties now reposed in it pursuant to law.

10. That SMUD will establish and at all times maintain and collect rates and charges for the sale or use of its electric energy sufficient to permit SMUD to purchase power or issue and sell Bonds or Parity Bonds to finance additions, betterments, extensions and improvements to the Electric System as may be reasonably necessary to satisfy its then projected electric demand upon its Electric System, and that unless the Board determines that SMUD will be able to satisfy such demand through the purchase of electric energy, SMUD will proceed with all reasonable diligence to issue and sell such Bonds or Parity Bonds.

11. That SMUD will not create, or permit the creation of, any mortgage or lien upon the Electric System or any property essential to the proper operation of the Electric System or to the maintenance of the Revenues. SMUD will not create, or permit the creation of, any pledge, lien, charge or encumbrance upon the Revenues except only as provided in the Master Resolution; provided that, notwithstanding the foregoing or any other provision of the Master Resolution, SMUD may create a pledge, lien, charge or encumbrance upon its accounts receivable and customer loan balances due to SMUD (which pledge, lien, charge or encumbrance shall be prior to any pledge, lien, charge or



encumbrance created or made pursuant to the Master Resolution, including without limitation the pledge of Revenues made pursuant to the Master Resolution) to secure indebtedness with a term of one year or less provided that the principal amount of such indebtedness does not exceed 50% of the aggregate face amount of the accounts receivable and customer loan balances due to SMUD as shown on SMUD's most recent audited financial statements.

### **Amendment of the Resolution**

The Resolution and the rights and obligations of SMUD and of the holders of the Bonds may be modified or amended at any time pursuant to the affirmative vote at a meeting of Bondholders, or with the written consent without a meeting, of the holders of 60 percent in aggregate principal amount of the Bonds then outstanding, provided that no such modification or amendment shall (i) extend the fixed maturity of any Bond, or reduce the principal amount thereof, or reduce the rate or extend the time of payment of interest thereon or reduce any premium payable upon the redemption thereof, without the consent of the holder of each Bond so affected, or (ii) reduce the aforesaid percentage of Bonds required for consent to an amendment or modification, without the consent of the holders of all the Bonds then outstanding. Modifications or amendments may be made, without the consent of any Bondholders, to add covenants of SMUD or to surrender rights reserved by SMUD in the Resolution, to cure ambiguities or defective or inconsistent provisions or in regard to questions arising under the Resolution without adversely affecting the interests of the Bondholders, or to provide for the issuance of a series of Bonds, subject to the provisions contained in the Resolution with respect thereto.

### **Events of Default and Remedies of Bondholders**

The Resolution declares each of the following to be an event of default:

- (a) Failure to pay the principal of and premium on any Bond when due and payable;
- (b) Failure to pay any installment of interest on any Bond when due and payable, if such default continues for a period of 30 days;
- (c) Default by SMUD in the observance of any of the covenants, agreements or conditions on its part in the Resolution or in the Bonds, if such default continues for a period of 60 days after written notice thereof (specifying such default and requiring the same to be remedied) has been given to SMUD by the Trustee, or to SMUD and the Trustee by the holders of not less than 25 percent in aggregate principal amount of the Bonds at the time outstanding; and
- (d) If, under the provisions of any law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of SMUD or of the whole or any substantial part of its property, and such custody or control shall not be terminated or stayed within 60 days.

In the event of default, the Trustee or the holders of not less than a majority in aggregate principal amount of the outstanding Bonds may, upon written notice to SMUD, declare the principal of all outstanding Bonds, and the interest accrued thereon, to be due and payable immediately. The Trustee is appointed as trustee to represent Bondholders and may take such action as may seem appropriate to it, and, upon the written request of the holders of 25 percent in aggregate principal amount of the outstanding Bonds, and upon being furnished with indemnity satisfactory to it, will take such action on behalf of Bondholders as is specified in such written request. Each Bondholder is entitled to proceed to protect and enforce the rights vested in such holder by the Resolution by such appropriate judicial proceedings as such holder deems most effectual.



The rights of Bondholders are limited and restricted to the use and application of Revenues as provided in the Resolution and do not extend to the levy of any attachment or execution upon or forfeiture of any of the properties of SMUD or to any moneys derived by SMUD from the levy or collection of taxes.

In addition to the limitations on remedies contained in the Resolution, the rights and remedies provided by the Bonds and the Resolution, as well as the enforcement by SMUD of contracts with customers of the Electric System, may be limited by and are subject to bankruptcy, insolvency, reorganization and other laws affecting the enforcement of creditors' rights.

### **Refunding of 2025 Series O Bonds**

If Refunding Bonds are issued for the purpose of refunding 2025 Series O Bonds, then SMUD is authorized to apply proceeds of the sale of such Refunding Bonds to the payment of the purchase price of direct noncallable obligations of the United States of America ("Treasury Obligations") to be held by the Trustee to insure the payment or retirement at or before maturity of all or a portion of the outstanding 2025 Series O Bonds. Upon deposit with the Trustee, in trust, of money or Treasury Obligations (including, but not limited to, direct obligations of the United States of America issued in book-entry form on the books of the Department of the Treasury of the United States of America), or any combination thereof, sufficient, together with the interest to accrue on any such Treasury Obligations, to pay or redeem all or a portion of 2025 Series O Bonds then outstanding at or before their maturity date, all liability of SMUD in respect of such 2025 Series O Bonds shall cease, determine and be completely discharged, and the holders thereof shall thereafter be entitled only to payment by SMUD out of the money and Treasury Obligations deposited with the Trustee for their payment. If the liability of SMUD shall cease and determine with respect to all or a portion of the 2025 Series O Bonds, then said 2025 Series O Bonds shall not be considered to be outstanding Bonds for any purpose of the Resolution.

### **Discharge of Resolution**

The Resolution may be discharged by depositing with the Trustee in trust, moneys or Federal Securities or general obligation bonds of the State of California, in such amount as the Trustee shall determine will, together with the interest to accrue thereon, be fully sufficient to pay and discharge the indebtedness on all Bonds at or before their respective maturity dates.

### **Investment of Funds**

Moneys in any fund established by the Resolution may be invested in bonds, notes, certificates of indebtedness, bills, bankers acceptances or other securities in which funds of SMUD may be legally invested as provided by the law in effect at the time of such investment. Currently this investment authority includes, among other things, the Local Agency Investment Fund which is administered by the Treasurer of the State of California for the investment of funds belonging to local agencies in the State of California.



## APPENDIX E

### PROPOSED FORM OF LEGAL OPINION FOR 2025 SERIES O BONDS

[Closing Date]

Sacramento Municipal Utility District  
Sacramento, California

Sacramento Municipal Utility District  
Electric Revenue Bonds, 2025 Series O  
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Sacramento Municipal Utility District (“SMUD”) in connection with the issuance of \$\_\_\_\_\_ aggregate principal amount of Sacramento Municipal Utility District Electric Revenue Bonds, 2025 Series O (the “2025 Series O Bonds”), issued pursuant to Resolution No. 6649 of the Board of Directors of SMUD, adopted January 7, 1971 (the “Master Resolution”), as supplemented and amended by later resolutions of said Board of Directors (as so supplemented and amended, the “Resolution”), including Resolution No. 25-05-[ ], adopted May 15, 2025 (the “Sixty-Eighth Supplemental Resolution”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolution.

In such connection, we have reviewed the Resolution; the Tax Certificate, dated the date hereof (the “Tax Certificate”), executed by SMUD; opinions of counsel to SMUD and the Trustee; certificates of SMUD, the Trustee and others; and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the 2025 Series O Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the 2025 Series O Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the 2025 Series O Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery of each such document by each party thereto other than SMUD and that each such document constitutes a valid and binding agreement of such party. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the 2025 Series O Bonds to be included in gross income for federal income tax purposes.



We call attention to the fact that the rights and obligations under the 2025 Series O Bonds, the Resolution and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities such as SMUD in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the property described in or as subject to the lien of the Resolution or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement, dated \_\_\_\_\_, 2025, or other offering material relating to the 2025 Series O Bonds and express no opinion or view with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The 2025 Series O Bonds constitute the valid and binding limited obligations of SMUD.
2. The Resolution, including the Sixty-Eighth Supplemental Resolution, has been duly adopted by, and constitutes the valid and binding obligation of, SMUD. The Resolution creates a valid pledge, to secure the payment of the principal of and interest on the 2025 Series O Bonds, of the Net Revenues, subject to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution.
3. Interest on the 2025 Series O Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Interest on the 2025 Series O Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. We observe that interest on the 2025 Series O Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the 2025 Series O Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per



## APPENDIX F

### FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is executed and delivered by the Sacramento Municipal Utility District (the “Issuer”) and U.S. Bank Trust Company, National Association, in its capacity as Dissemination Agent (the “Dissemination Agent”) in connection with the issuance of \$\_\_\_\_\_ aggregate principal amount of Sacramento Municipal Utility District Electric Revenue Bonds, 2025 Series O (the “2025 Series O Bonds”). The 2025 Series O Bonds are being issued pursuant to the Issuer’s Resolution No. 6649, adopted on January 7, 1971, as amended and supplemented by supplemental resolutions, including Resolution No. 25-05-[ ], adopted on May 15, 2025 (the “Resolution”). Pursuant to Section 146.11 of the Resolution, the Issuer and the Dissemination Agent covenant and agree as follows:

**SECTION 1. Purpose of the Disclosure Agreement.** This Disclosure Agreement is being executed and delivered by the Issuer and the Dissemination Agent for the benefit of the Holders and Beneficial Owners of the 2025 Series O Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

**SECTION 2. Definitions.** In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any 2025 Series O Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

“Disclosure Representative” shall mean the Treasurer of the Issuer or his or her designee, or such other officer or employee as the Issuer shall designate in writing to the Trustee from time to time.

“Dissemination Agent” shall mean U.S. Bank Trust Company, National Association, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee a written acceptance of such designation.

“EMMA” shall mean the MSRB’s Electronic Municipal Market Access system.

“Financial Obligation” shall mean, for purposes of the Listed Events set out in Section 5(a)(15) and Section 5(a)(16), a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Participating Underwriters” shall mean any of the original underwriters of the 2025 Series O Bonds required to comply with the Rule in connection with offering of the 2025 Series O Bonds.



“Repository” shall mean the MSRB through EMMA or any other entity or system designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of California.

### **SECTION 3. Provision of Annual Reports.**

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than one hundred eighty (180) days after the end of the Issuer’s fiscal year (presently December 31), commencing with the report for the 2025 Fiscal Year, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the fiscal year changes for the Issuer, the Issuer shall give notice of such change in the same manner as for a Listed Event under Section 5 hereof.

(b) Not later than fifteen (15) Business Days prior to the dates specified in subsection (a) for providing the Annual Report to each Repository, the Issuer shall provide its respective Annual Report to the Dissemination Agent. If by such date, the Dissemination Agent has not received a copy of the Annual Report from the Issuer, the Dissemination Agent shall contact the Issuer to determine if the Issuer is in compliance with the first sentence of this subsection (b).

(c) If the Dissemination Agent is unable to verify that an Annual Report of the Issuer has been provided to each Repository by the date required in subsection (a), the Dissemination Agent shall send a notice to each Repository and the MSRB (if the MSRB is not a Repository) in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(1) determine each year prior to the date for providing the Annual Report the name and address of each Repository and then-applicable rules and procedures for filing the Annual Report with each Repository, if any; and

(2) file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing each Repository to which it was provided.

### **SECTION 4. Content of Annual Reports.**

(a) The Issuer’s Annual Report shall contain or include by reference the following:

(1) The audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board and where not in conflict with the Financial Accounting Standards Board (“FASB”) pronouncements or accounting principles prescribed by FASB. If the Issuer’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the



Annual Report shall contain unaudited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(2) An update of the following types of information contained in Appendix A to the official statement, dated \_\_\_\_\_, 2025 and related to the 2025 Series O Bonds:

(i) The table entitled “Power Supply Resources.”

(ii) The table entitled “Projected Requirements and Resources to Meet Load Requirements.”

(iii) The table entitled “Average Class Rates” (to the extent such table relates to rates and revenues of the Issuer).

(iv) The table entitled “Selected Operating Data.”

(v) The table entitled “Unconsolidated Financial Data.”

(vi) The balance in the Decommissioning Trust Fund, the current estimate of decommissioning costs, the decommissioning costs to date, and the annual contribution level to the Decommissioning Trust Fund, all relating to the Rancho Seco Nuclear Power Plant.

(vii) The table entitled “Estimated Capital Requirements.”

(b) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or public entities related thereto, which have been submitted to each Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

## **SECTION 5. Reporting of Listed Events.**

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the 2025 Series O Bonds not later than ten (10) business days after the occurrence of the event:

(1) principal and interest payment delinquencies;

(2) non-payment related defaults, if material;

(3) unscheduled draws on any applicable debt service reserves reflecting financial difficulties;

(4) unscheduled draws on credit enhancement reflecting financial difficulties;

(5) substitution of credit or liquidity providers, or their failure to perform;

(6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the 2025 Series O Bonds or other material events adversely affecting the tax status of the 2025 Series O Bonds;



- (7) modifications to rights of Bondholders, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the 2025 Series O Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Issuer;
- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of the Trustee, if material;
- (15) incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect Bondholders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

(b) For the purpose of the event identified in Section 5(a)(12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

(c) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall as soon as possible determine if such event is required to be reported pursuant to this Section 5.

(d) If the Issuer has determined that such event is required to be reported pursuant to this Section 5, the Issuer shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (e).

(e) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB (if the MSRB is not a Repository) and each Repository.



**SECTION 6. Termination of Reporting Obligation.** The obligations of the Issuer and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 2025 Series O Bonds. If such termination occurs prior to the final maturity of the 2025 Series O Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5.

**SECTION 7. Dissemination Agent; Filings.**

(a) The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. The initial Dissemination Agent shall be U.S. Bank Trust Company, National Association.

(b) Unless and until one or more different or additional Repositories are designated or authorized by the Securities and Exchange Commission, all filings with a Repository which are required by this Disclosure Agreement shall be filed with the MSRB through EMMA and shall be in an electronic format and accompanied by such identifying information as prescribed by the MSRB in accordance with the Rule.

**SECTION 8. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Dissemination Agent may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the 2025 Series O Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the 2025 Series O Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (1) is approved by the Holders of 60% of the 2025 Series O Bonds, or (2) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the 2025 Series O Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in its next respective Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles from those described in Section 4(a)(1), on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (1) notice of such change shall be given in the same manner as for a Listed Event under Section 5, and (2) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.



**SECTION 9. Additional Information.** Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**SECTION 10. Default.** In the event of a failure of the Issuer or the Trustee to comply with any provision of this Disclosure Agreement, the Trustee shall, at the request of any Participating Underwriters or the Holders of at least 25% aggregate principal amount of Outstanding Bonds and upon being indemnified to its satisfaction from and against any costs, liability, expenses and fees of the Trustee, including, without limitation fees and expenses of its attorneys, or any Holder or Beneficial Owner of the 2025 Series O Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

**SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent.** The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement and no implied duties for obligation shall be read into this Disclosure Agreement against the Dissemination Agent. The Dissemination Agent has no power to enforce nonperformance on the part of the Issuer. The Dissemination Agent shall be paid compensation by the Issuer for its services provided hereunder in accordance with its schedule of fees provided to the Issuer and all expenses, legal fees and costs of the Dissemination Agent made or incurred by the Dissemination Agent in the performance of its duties hereunder. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the 2025 Series O Bonds.

**SECTION 12. Notices.** Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the Issuer:	Sacramento Municipal Utility District 6201 S Street, MS B405 Sacramento, California 95817 Attention: Treasurer Telephone: (916) 732-6509 Fax: (916) 732-5835
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To the Dissemination Agent: U.S. Bank Trust Company, National Association  
Global Corporate Trust  
One California Street, Suite 1000  
San Francisco, California 94111  
Telephone: (415) 677-3699  
Fax: (415) 677-3769

To the Trustee: U.S. Bank Trust Company, National Association  
Global Corporate Trust  
One California Street, Suite 1000  
San Francisco, California 94111  
Telephone: (415) 677-3699  
Fax: (415) 677-3769

The Issuer, the Dissemination Agent and the Trustee may, by giving written notice hereunder to the other person listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent. Unless specifically otherwise required by the context of this Disclosure Agreement, a party may give notice by any form of electronic transmission capable of producing a written record. Each such party shall file with the Trustee and Dissemination Agent information appropriate to receiving such form of electronic transmission.

**SECTION 13. Beneficiaries.** This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the 2025 Series O Bonds, and shall create no rights in any other person or entity.



**SECTION 14. Counterparts.** This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Dated: \_\_\_\_\_, 2025.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By \_\_\_\_\_  
Treasurer

U.S. BANK TRUST COMPANY, NATIONAL  
ASSOCIATION, as Dissemination Agent

By \_\_\_\_\_  
Authorized Officer

ACKNOWLEDGED:

U.S. BANK TRUST COMPANY, NATIONAL  
ASSOCIATION, as Trustee

By: \_\_\_\_\_  
Authorized Officer



**EXHIBIT A**

**NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Sacramento Municipal Utility District  
Name of Bond Issue: Electric Revenue Bonds, 2025 Series O  
Name of Borrower: Sacramento Municipal Utility District  
Date of Issuance: \_\_\_\_\_, 2025

NOTICE IS HEREBY GIVEN that the Sacramento Municipal Utility District (the “Issuer”) has not provided an Annual Report with respect to the above-named Bonds as required by Section 149.11 of Resolution No. 25-05-[ ] adopted May 15, 2025, by the Issuer. [The Issuer anticipates that the Annual Report will be filed by \_\_\_\_\_.]

Dated: \_\_\_\_\_

U.S. BANK TRUST COMPANY, NATIONAL  
ASSOCIATION,  
on behalf of Sacramento Municipal Utility District

\_\_\_\_\_

cc: Sacramento Municipal Utility District



**APPENDIX G**  
**SECOND PARTY OPINION**



**PRELIMINARY OFFICIAL STATEMENT DATED MAY \_\_, 2025****NEW ISSUE- FULL BOOK-ENTRY****Ratings: See “RATINGS” herein**

*In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to SMUD, based upon an analysis of existing laws, regulations, rulings and court decisions and, assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2025E Subordinated Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the 2025E Subordinated Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the 2025E Subordinated Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the 2025E Subordinated Bonds. See “TAX MATTERS.”*



**\$(PRINCIPAL AMOUNT)\*  
Subordinated Electric Revenue Bonds  
2025 Series E**

**Dated: Date of Delivery****Due: See “SUMMARY OF THE OFFERING” herein**

The Subordinated Electric Revenue Bonds, 2025 Series E (the “2025E Subordinated Bonds”) will be issued pursuant to Resolution No. 85-11-1 of the Sacramento Municipal Utility District (“SMUD”), adopted November 7, 1985, as amended and restated pursuant to Resolution No. 01-06-10, adopted June 21, 2001, as supplemented and amended, and will be payable from the Net Subordinated Revenues of the Electric System of SMUD, as described herein. The 2025E Subordinated Bonds are being issued to (i) [finance and refinance certain improvements and additions to SMUD’s Electric System, [including by paying [a portion of] the outstanding principal amount of SMUD’s commercial paper notes at maturity], (ii)] refund SMUD’s Subordinated Electric Revenue Bonds, 2019 Series B, and (iii) pay certain costs associated with the issuance of the 2025E Subordinated Bonds. See “PLAN OF FINANCE.”

The 2025E Subordinated Bonds will initially be issued in the Term Rate Mode and will mature on the date, bear interest initially at the initial Term Rate, for the initial Term Rate Period ending on the date and be subject to mandatory purchase on the initial scheduled Mandatory Purchase Date as described in the “SUMMARY OF THE OFFERING” following this cover page. The 2025E Subordinated Bonds may, under certain circumstances, be converted to a Daily Mode, Weekly Mode, Flexible Mode, Index Mode, Direct Purchase Index Mode or Fixed Rate Mode, and may be converted from one Term Rate Period to another Term Rate Period. The 2025E Subordinated Bonds are subject to mandatory tender in the event of any such conversion related thereto. See “THE 2025E SUBORDINATED BONDS – Conversion Between Modes” and “– Mandatory Purchase on the Mandatory Purchase Date”. *This Official Statement provides information as of its date concerning the 2025E Subordinated Bonds while bearing interest in the Term Rate Mode in the initial Term Rate Period. Owners and prospective purchasers of the 2025E Subordinated Bonds should not rely on this Official Statement for information concerning the 2025E Subordinated Bonds in connection with any conversion of the 2025E Subordinated Bonds to an Interest Rate Mode other than the Term Rate Mode or to a new Term Rate Period, but should look solely to the offering document to be used in connection with any such conversion.*

The 2025E Subordinated Bonds are also subject to mandatory tender, and optional and mandatory redemption prior to maturity as set forth herein. See “THE 2025E SUBORDINATED BONDS – Mandatory Purchase on the Mandatory Purchase Date,” “– Optional Redemption” and “– Mandatory Sinking Fund Redemption” herein.

While in the Term Rate Mode, interest on the 2025E Subordinated Bonds shall be payable semiannually on each [February 15] and [August 15], commencing on [August 15, 2025], on any Mandatory Purchase Date therefor and on the maturity date thereof.

The 2025E Subordinated Bonds in the Term Rate Mode are being issued in denominations of \$5,000 and any integral multiple thereof as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the 2025E Subordinated Bonds, and individual purchases of the 2025E Subordinated Bonds will be made in book-entry form only. Principal or Redemption Price or Purchase Price of, and interest on the 2025E Subordinated Bonds will be payable by U.S. Bank Trust Company, National Association, as trustee (the “Trustee”) to DTC, which is obligated in turn to remit such principal or Redemption Price or Purchase



Price, and interest to its DTC Participants for subsequent disbursement to the beneficial owners of the 2025E Subordinated Bonds, as described herein.

**The principal of and interest on the 2025E Subordinated Bonds, together with the debt service on other Subordinated Bonds and Parity Subordinated Debt (as defined herein), are payable exclusively from and secured by a pledge of the Net Subordinated Revenues of the Electric System of SMUD. Neither the credit nor the taxing power of SMUD or the State of California is pledged to the payment of the 2025E Subordinated Bonds. Payment of the principal of and interest on the Subordinated Bonds, including the 2025E Subordinated Bonds, is subordinated to the payment of principal and interest on SMUD's Electric Revenue Bonds and other Parity Bonds (as defined herein).**

The information presented on this cover page is for general reference only and is qualified in its entirety by reference to the entire Official Statement and the documents summarized and described herein.

The 2025E Subordinated Bonds are offered when, as and if issued and received by the Underwriters, subject to the approval of the validity of the 2025E Subordinated Bonds and certain other legal matters by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to SMUD. Certain legal matters will be passed on for the Underwriters by their counsel, Nixon Peabody LLP, San Francisco, California. It is expected that the 2025E Subordinated Bonds will be available for delivery through the facilities of DTC on or about June [ ], 2025\*.

## **Barclays**

**BofA Securities  
Goldman Sachs & Co. LLC**

**J.P. Morgan  
Morgan Stanley**

**PNC Capital Markets  
Wells Fargo Corporate &  
Investment Banking**

June \_\_, 2025

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\* Preliminary, subject to change.



## SUMMARY OF THE OFFERING

### **\$[PRINCIPAL AMOUNT]\*** **Subordinated Electric Revenue Bonds** **2025 Series E**

Maturity Date:	[August 15, 20__]*
Initial Interest Rate Mode:	Term Rate Mode
End of Initial Term Rate Period:	_____
Initial Scheduled Mandatory Purchase Date:	_____
Call Protection Date for Initial Term Rate Period:	_____
Initial Interest Rate:	%
Price:	%
Yield for Initial Term Rate Period:	%
CUSIP†:	

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\* Preliminary, subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP® data herein is provided by CUSIP Global Services (CGS), which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers have been assigned by an independent company not affiliated with SMUD or the Underwriters and are included solely for the convenience of the registered owners of the 2025E Subordinated Bonds. Neither SMUD nor the Underwriters are responsible for the selection or uses of these CUSIP® numbers, and no representation is made as to their correctness on the 2025E Subordinated Bonds or as included herein. The CUSIP® number for a specific maturity is subject to being changed after the execution and delivery of the 2025E Subordinated Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the 2025E Subordinated Bonds.



**SACRAMENTO MUNICIPAL UTILITY DISTRICT**  
*Sacramento, California*

**BOARD OF DIRECTORS**

Gregg Fishman, President  
Dave Tamayo, Vice President  
Brandon Rose  
Nancy Bui-Thompson  
Rosanna Herber  
Rob Kerth  
Heidi Sanborn

**OFFICERS AND EXECUTIVES**

Paul Lau, Chief Executive Officer and General Manager  
Frankie McDermott, Chief Operating Officer  
Scott Martin, Chief Financial Officer  
Brandy Bolden, Chief Customer Officer  
Suresh Kotha, Chief Information Officer  
Jose Bodipo-Memba, Chief Diversity Officer  
Laura Lewis, Chief Legal and Government Affairs Officer and General Counsel  
Lora Anguay, Chief Zero Carbon Officer  
Farres Everly, Chief Marketing & Communications Officer  
Jennifer Restivo, Treasurer  
Lisa Limcaco, Controller

**SPECIAL SERVICES**

ORRICK, HERRINGTON & SUTCLIFFE LLP  
Bond Counsel

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION  
Trustee and Paying Agent

BAKER TILLY US, LLP, Madison, Wisconsin  
Independent Accountants

PFM FINANCIAL ADVISORS LLC, Philadelphia, Pennsylvania  
Municipal Advisor



No dealer, broker, salesperson or other person has been authorized by SMUD or the Underwriters to give any information or to make any representations with respect to the 2025E Subordinated Bonds other than those contained in this Official Statement and, if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell nor the solicitation of an offer to buy, nor shall there be any sale of the 2025E Subordinated Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from SMUD and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Underwriters. The information and expressions of opinion stated herein are subject to change without notice. The delivery of this Official Statement shall not, under any circumstances, create any implication that there has been no change in the affairs of SMUD since the date hereof. The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with and as part of their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The 2025E Subordinated Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption from the registration requirements contained in such Act. The 2025E Subordinated Bonds have not been registered or qualified under the securities laws of any state.

#### **CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT**

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements.” Such statements generally are identifiable by the terminology used, such as “plan,” “expect,” “estimate,” “budget” or other similar words.

The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. SMUD does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur.

This Official Statement, including any supplement or amendment hereto, is intended to be deposited with the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access website. SMUD maintains a website. However, the information presented therein is not part of this Official Statement and should not be relied upon in making investment decisions with respect to the 2025E Subordinated Bonds. The references to internet websites in this Official Statement are shown for reference and convenience only; unless explicitly stated to the contrary, the information contained within the websites is not incorporated herein by reference and does not constitute part of this Official Statement.



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## **OFFICIAL STATEMENT**

**Relating to**

### **SACRAMENTO MUNICIPAL UTILITY DISTRICT**

#### **\$(PRINCIPAL AMOUNT)\* Subordinated Electric Revenue Bonds 2025 Series E**

### **INTRODUCTION**

This Official Statement, including the cover page and Appendices attached hereto, describes the Sacramento Municipal Utility District (“SMUD”), a political subdivision of the State of California (the “State”), its \$(PRINCIPAL AMOUNT)\* Subordinated Electric Revenue Bonds, 2025 Series E (the “2025E Subordinated Bonds”), in connection with the sale by SMUD of the 2025E Subordinated Bonds. The 2025E Subordinated Bonds are being issued to (i) [finance and refinance certain improvements and additions to SMUD’s Electric System, [including by paying [a portion of] the outstanding principal amount of SMUD’s commercial paper notes at maturity], (ii) refund SMUD’s Subordinated Electric Revenue Bonds, 2019 Series B (the “2019B Refunded Subordinated Bonds”), and (iii) pay certain costs associated with the issuance of the 2025E Subordinated Bonds. See “PLAN OF FINANCE.”

The 2025E Subordinated Bonds are being issued pursuant to Resolution No. 85-11-1 of SMUD, adopted November 7, 1985, as amended and restated by Resolution No. 01-06-10 (the “Subordinate Master Resolution”), as supplemented and amended, and pursuant to applicable California law, including the Municipal Utility District Act (Public Utilities Code Sections 12850 to 12860) (the “Act”), the Revenue Bond Law of 1941 (Government Code Section 54300 *et seq.*) and Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (Government Code Section 53580 *et seq.*). The issuance of the 2025E Subordinated Bonds was authorized on May 15, 2025, by a resolution of the Board of Directors of SMUD (the “2025 Supplemental Resolution”). The Subordinate Master Resolution and all supplemental resolutions, including the 2025 Supplemental Resolution, are collectively referred to herein as the Subordinate Resolution. See APPENDIX D – “SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE RESOLUTION.”

U.S. Bank Trust Company, National Association serves as trustee and paying agent under the Subordinate Resolution (in such capacities, the “Trustee” and the “Paying Agent” respectively).

The 2025E Subordinated Bonds and other bonds issued on a parity therewith pursuant to the Subordinate Resolution are collectively referred to herein as the “Subordinated Bonds.” As of March 31, 2025, Subordinated Bonds (including the 2019B Refunded Subordinated Bonds) in the aggregate principal amount of \$332,020,000 were outstanding under the Subordinate Resolution.

The payment of the principal of and interest on the Subordinated Bonds, including the 2025E Subordinated Bonds, is subordinate to the payment of the principal of and interest on SMUD’s Electric Revenue Bonds (the “Senior Bonds”) and other Parity Bonds (as defined herein). As of March 31, 2025, Senior Bonds in the aggregate principal amount of \$1,898,985,000 were outstanding. Senior Bonds are issued pursuant to Resolution No. 6649 (the “Senior Bond Resolution”) adopted in 1971, as amended and

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\* Preliminary, subject to change.



supplemented. See APPENDIX E – “SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND RESOLUTION.”

The issuance of the 2025E Subordinated Bonds and the refunding of the 2019B Refunded Subordinated Bonds are components of a plan of finance (the “Plan of Finance”) that includes the issuance of SMUD’s Electric Revenue Bonds, 2025 Series O (the “2025 Series O Bonds”) to finance and refinance certain improvements and additions to SMUD’s Electric System, including by paying [a portion of] the outstanding principal amount of SMUD’s commercial paper notes at maturity. The issuance the 2025E Subordinated Bonds is not contingent upon the implementation of the other components of the Plan of Finance, and SMUD is not obligated to implement any of the components of the Plan of Finance. If the Plan of Finance is implemented in whole, then upon completion of the Plan of Finance, Senior Bonds in the aggregate principal amount of \$[\_\_\_\_\_] and Subordinated Bonds in the aggregate principal amount of \$[\_\_\_\_\_] are expected to be outstanding. See “PLAN OF FINANCE.”

SMUD also issues commercial paper notes (the “Notes”) from time to time. As of [May \_\_, 2025], Notes in the principal amount of \$[75,000,000] were outstanding. Currently, Notes in the aggregate principal amount of \$400,000,000 may be outstanding at any one time, but SMUD reserves the right to increase or decrease the aggregate principal amount of the Notes that may be outstanding at any one time in the future. The Notes are secured by letters of credit issued by commercial banks. The Notes (and SMUD’s obligations to repay drawings under the letters of credit) are payable solely from available revenues of SMUD’s Electric System and are subordinate in right of payment to the prior payment of principal of, premium if any, and interest on the Senior Bonds and the Subordinated Bonds (including the 2025E Subordinated Bonds). Drawings under the letters of credit, to the extent not repaid immediately from the proceeds of commercial paper or other available SMUD funds, are repayable with interest over a period of five years. The letters of credit currently expire in August of 2025 and March of 2027. SMUD expects to pay [all] \$[75,000,000] of the outstanding principal amount of the Notes with a portion of the proceeds of the 2025 Series O Bonds [and a portion of the proceeds of the 2025E Subordinated Bonds]. See “PLAN OF FINANCE.”

SMUD has also previously issued its taxable and tax-exempt revolving notes pursuant to a revolving credit agreement with a commercial bank (collectively, the “Revolving Credit Facility”). As of the date of this Official Statement, no principal amount was outstanding under the Revolving Credit Facility. Currently, the aggregate principal amount that can be outstanding under the Revolving Credit Facility at any one time is limited to \$100,000,000. However, SMUD reserves the right to increase or decrease the aggregate principal amount that can be outstanding at any one time under the Revolving Credit Facility in the future. SMUD’s payment obligations under the Revolving Credit Facility are payable solely from available revenues of SMUD’s Electric System and are subordinate in right of payment to the prior payment of principal of, premium if any, and interest on the Senior Bonds and the Subordinated Bonds (including the 2025E Subordinated Bonds). The current term of the Revolving Credit Facility expires in February 2026.

SMUD is responsible for the acquisition, generation, transmission and distribution of electric power to its service area, which includes most of Sacramento County and small portions of Placer and Yolo counties. For the year ended December 31, 2024, SMUD served a population of approximately 1.5 million with a total annual retail load of approximately 10,721 million kilowatt-hours (“kWh”). SMUD owns and operates an electric system which, as of March 31, 2025, included generating facilities owned and operated by SMUD with an aggregate generating capacity of approximately 815 megawatts (“MW”), local gas-fired plants owned and operated by a joint powers authority and managed by SMUD with an aggregate generating capacity of approximately 1,087 MW, over which SMUD has exclusive control of dispatch, and purchased power with an aggregate generating capacity of approximately 1,541 MW and transmission and distribution

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\* Preliminary, subject to change.



facilities. SMUD's power requirements exceed its generating capacity and thus SMUD has agreements with others (including the Local Gas-Fired Plants as defined in APPENDIX A) for the purchase of a portion of its power requirements. See APPENDIX A – "INFORMATION REGARDING SACRAMENTO MUNICIPAL UTILITY DISTRICT – POWER SUPPLY AND TRANSMISSION – Power Supply Resources." Continuing development of SMUD's business strategy in response to changing environmental and regulatory requirements has had, and is expected to continue to have, a major effect on SMUD's power supply planning. See APPENDIX A – "INFORMATION REGARDING SACRAMENTO MUNICIPAL UTILITY DISTRICT – BUSINESS STRATEGY."

Pursuant to a Continuing Disclosure Agreement, dated the date of issuance of the 2025E Subordinated Bonds (the "Continuing Disclosure Agreement") between SMUD and the Trustee, SMUD will covenant for the benefit for the holders of the 2025E Subordinated Bonds and owners of beneficial interest in the 2025E Subordinated Bonds to provide certain financial information and operating data and to provide certain notices. See "CONTINUING DISCLOSURE UNDERTAKING" and APPENDIX G – "FORM OF CONTINUING DISCLOSURE AGREEMENT."

The information presented in this Introduction is qualified in its entirety by reference to this entire Official Statement and the documents summarized or described herein. This Official Statement, including the Appendices, summarizes the terms of the 2025E Subordinated Bonds, the Subordinate Resolution and certain agreements, contracts and other arrangements, some of which currently exist and others of which may exist in the future. The summaries of and references to all documents, statutes, regulations and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such summary and reference is qualified in its entirety by reference to each such document, statute, regulation or instrument.

Capitalized terms not otherwise defined in this Official Statement shall have the meanings ascribed thereto in APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE RESOLUTION – Certain Definitions" or in the Subordinate Resolution.

## **PLAN OF FINANCE**

### **Issuance of 2025E Subordinated Bonds and Refunding of 2019B Refunded Subordinated Bonds**

SMUD intends to use the proceeds of the 2025E Subordinated Bonds to (i) [finance and refinance certain improvements and additions to SMUD's Electric System, [including by paying [a portion of] the outstanding principal amount of SMUD's commercial paper notes at maturity], (ii)] refund the 2019B Refunded Subordinated Bonds, currently outstanding in the principal amount of \$100,000,000, and (iii) pay certain costs associated with the issuance of the 2025E Subordinated Bonds.

The issuance of the 2025E Subordinated Bonds and the refunding of the 2019B Refunded Subordinated Bonds are components of the Plan of Finance, as further described below. The issuance of the 2025E Subordinated Bonds is not contingent upon the implementation of the other components of the Plan of Finance, and SMUD is not obligated to implement any of the components of the Plan of Finance.

[A portion of the proceeds of the 2025E Subordinated Bonds, together with other available funds, will be deposited in trust in an escrow fund (the "2019B Escrow Fund") established under an escrow agreement between SMUD and the Trustee. The moneys so deposited will be in an amount sufficient to redeem the 2019B Refunded Subordinated Bonds on [\_\_\_\_], 2025. The moneys so deposited will be invested in direct obligations of the United States of America (the "Federal Securities"). Upon deposit, all liability of SMUD with respect to the 2019B Refunded Subordinated Bonds (except for the obligation of SMUD to pay the redemption price of the 2019B Refunded Subordinated Bonds from moneys on deposit in the 2019B Escrow Fund) will cease. The holders of the 2019B Refunded Subordinated Bonds will be



entitled to payment from SMUD solely from moneys or Federal Securities on deposit in the 2019B Escrow Fund, and the 2019B Refunded Subordinated Bonds will no longer be outstanding under the Subordinate Resolution. The Federal Securities and moneys in the 2019B Escrow Fund will not secure the 2025E Subordinated Bonds and will not be available to pay the principal of or interest on the 2025E Subordinated Bonds.]

### Issuance of 2025 Series O Bonds

Concurrently with the issuance of the 2025E Subordinated Bonds, SMUD expects to issue \$[ ]\* aggregate principal amount of the 2025 Series O Bonds. The proceeds of the 2025 Series O Bonds are expected to be used to finance and refinance certain improvements and additions to SMUD's Electric System, including by paying [a portion of] the outstanding principal amount of SMUD's commercial paper notes at maturity, and pay certain costs associated with the issuance of the 2025 Series O Bonds.

### ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the 2025E Subordinated Bonds are as follows:

Sources of Funds:	
Principal Amount	\$
Original Issue [Premium/Discount]	
SMUD Contribution	
Total Sources of Funds	<u>\$</u>
Uses of Funds:	
[Payment of Notes]	\$
[Reimbursable Capital]	
2019B Escrow Fund	
Costs of Issuance (including Underwriters' Discount)	
Total Uses of Funds	<u>\$</u>

### THE 2025E SUBORDINATED BONDS

The following is a summary of certain provisions of the 2025E Subordinated Bonds. Reference is made to the 2025E Subordinated Bonds for the complete text thereof and to the Subordinate Resolution for a more detailed description of such provisions. The discussion herein is qualified by such reference. *This Official Statement provides information as of its date with respect to 2025E Subordinated Bonds bearing interest in the Term Rate Mode for the initial Term Rate Period only. Owners and prospective purchasers of the 2025E Subordinated Bonds should not rely on this Official Statement for information concerning the 2025E Subordinated Bonds in connection with any conversion of the 2025E Subordinated Bonds to different Interest Rate Mode or to a new Term Rate Period, but should look solely to the offering document to be used in connection with any such conversion.*

#### General

The 2025E Subordinated Bonds are being issued in the principal amount shown on the cover of this Official Statement. The 2025E Subordinated Bonds will be issued under a book-entry only system, and will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York, which will act as bond depository for the 2025E Subordinated Bonds. Principal or Redemption Price of, and interest on the 2025E Subordinated Bonds or the Purchase Price thereof are

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\* Preliminary, subject to change.



payable by the Trustee to DTC, which is obligated in turn to remit such principal, Redemption Price, and interest or Purchase Price to its DTC Participants for subsequent disbursement to the beneficial owners of the 2025E Subordinated Bonds. See APPENDIX C – “BOOK-ENTRY SYSTEM”.

The 2025E Subordinated Bonds will be dated the date of initial delivery. The 2025E Subordinated Bonds will initially be issued in the Term Rate Mode and will mature on the date, bear interest initially at the initial Term Rate, for the initial Term Rate Period ending on the date and be subject to mandatory purchase on the initial scheduled Mandatory Purchase Date as described in the “SUMMARY OF THE OFFERING” following the cover page of this Official Statement. The 2025E Subordinated Bonds will be issued initially only as fully registered 2025E Subordinated Bonds in the denominations of \$5,000 or any integral multiple thereof (the “Authorized Denominations”) while in the Term Rate Mode.

At the option of SMUD and upon certain conditions provided in the Subordinate Resolution, the 2025E Subordinated Bonds may be converted to the Daily Mode, Weekly Mode, Flexible Mode, Index Mode, Direct Purchase Index Mode or Fixed Rate Mode, or may be converted from one Term Rate Period to another Term Rate Period. The 2025E Subordinated Bonds are subject to mandatory tender in the event of any such conversion related thereto. See “Conversion Between Modes” and “Mandatory Purchase on the Mandatory Purchase Date” herein.

While the 2025E Subordinated Bonds may, under certain circumstances, be converted to a Daily Mode, Weekly Mode, Flexible Mode, Index Mode, Direct Purchase Index Mode or Fixed Rate Mode, or from one Term Rate Period to another Term Rate Period, this Official Statement describes the 2025E Subordinated Bonds only during the period in which they bear interest in the Term Rate Mode in the initial Term Rate Period. The 2025E Subordinated Bonds are subject to mandatory tender in the event of any such conversion related thereto. See “Conversion Between Modes” and “Mandatory Purchase on the Mandatory Purchase Date” herein.

While in the Term Rate Mode, interest on the 2025E Subordinated Bonds shall be payable semiannually on each [February 15] and [August 15], commencing on [August 15, 2025], on any Mandatory Purchase Date therefor and on the Maturity Date thereof. Interest on the 2025E Subordinated Bonds shall be computed on the basis of a 360-day year comprised of twelve 30-day months.

The Record Date for the payment of interest while a 2025E Subordinated Bond is in the Term Rate Mode is the fifteenth (15th) day (whether or not a Business Day) next preceding each Interest Payment Date.

Subject to the provisions discussed in APPENDIX C – “BOOK-ENTRY SYSTEM,” principal or Redemption Price will be payable upon surrender of the 2025E Subordinated Bonds at the principal corporate trust office of the Trustee. Interest on the 2025E Subordinated Bonds will be paid by wire transfer within the continental United States of immediately available funds from the Trustee to the registered owner, determined as of the close of business on the applicable Record Date, at its address as shown on the registration books maintained by the Trustee.

### **Conversion Between Modes**

While the 2025E Subordinated Bonds are in the Term Rate Mode, conversions to any other Interest Rate Mode or from one Term Rate Period to another Term Rate Period may take place on (i) any day that 2025E Subordinated Bonds are subject to optional redemption if the conversion did not occur, or (ii) the day immediately following the last day of the then-current Term Rate Period, in each case upon not less than 10 days’ prior written notice from the Trustee to the Holders of such 2025E Subordinated Bonds. However, the Trustee need not provide notice to Holders for a Conversion Date occurring on the Business Day following the last day of a Term Rate Period.



Upon such conversion, the 2025E Subordinated Bonds will be subject to mandatory purchase on the Mandatory Purchase Date as described herein under “Mandatory Purchase on the Mandatory Purchase Date.” Each conversion of the 2025E Subordinated Bonds from one Interest Rate Mode to another Interest Rate Mode or from one Term Rate Period to a new Term Rate Period shall be subject to the conditions set forth in the Subordinate Resolution, including delivery of a Favorable Opinion of Bond Counsel. In addition, SMUD may rescind any election to convert to another Interest Rate Mode or from one Term Rate Period to another Term Rate Period up to 10:00 a.m., New York City time, on the Business Day preceding the proposed conversion date. In the event that the conditions for a proposed conversion to a new Interest Rate Mode or from one Term Rate Period to another Term Rate Period are not met or SMUD rescinds the direction to convert, (i) such new Interest Rate Mode or new Term Rate Period shall not take effect on the proposed conversion date, notwithstanding any prior notice to the registered owners of such conversion, (ii) the 2025E Subordinated Bonds shall remain in its prior Interest Rate Mode or Term Rate Period, and (iii) the 2025E Subordinated Bonds shall be subject to mandatory purchase on the Mandatory Purchase Date as described in the Subordinate Resolution if notice has been sent to the registered owners stating that the 2025E Subordinated Bonds would be subject to mandatory purchase on such date. In no event shall the failure of the 2025E Subordinated Bonds to be converted to another Interest Rate Mode or to a new Term Rate Period be deemed to be a default or an Event of Default.

### **Mandatory Purchase on the Mandatory Purchase Date**

While in the Term Rate Mode, the 2025E Subordinated Bonds are subject to mandatory purchase at the Purchase Price (as defined below) on (i) the first Business Day following the last day of the Term Rate Period applicable to the 2025E Subordinated Bonds and (ii) any Conversion Date applicable to the 2025E Subordinated Bonds or the date that otherwise would have been a Conversion Date for the 2025E Subordinated Bonds had one of the conditions precedent to such Conversion Date not failed to occur (each a “Mandatory Purchase Date”).

“Purchase Price” means an amount equal to the principal amount of any 2025E Subordinated Bonds purchased on the applicable Mandatory Purchase Date, plus accrued interest to but excluding such Mandatory Purchase Date; provided, however, that (i) if the applicable Mandatory Purchase Date for any 2025E Subordinated Bond is an Interest Payment Date for such 2025E Subordinated Bond, then the Purchase Price thereof shall be the principal amount thereof, and interest on such 2025E Subordinated Bond shall be paid to the Holder of such 2025E Subordinated Bond in the normal course and (ii) in the case of a purchase on a Conversion Date or proposed Conversion Date which is preceded by a Term Rate Period and which occurs prior to the day originally established as the last day of such preceding Term Rate Period, the Purchase Price thereof shall be the Redemption Price which would have been applicable to such 2025E Subordinated Bond if the preceding Term Rate Period had continued to the day originally established as its last day, plus accrued interest, if any.

Notice of mandatory tender shall be given by the Trustee in writing to the Holders of such 2025E Subordinated Bonds subject to mandatory purchase no less than 10 days prior to the applicable Mandatory Purchase Date.

### **Source of Funds for Purchase of 2025E Subordinated Bonds**

The Trustee shall purchase 2025E Subordinated Bonds subject to mandatory tender for purchase on each Mandatory Purchase Date pursuant to the Subordinate Resolution (“Tendered Bonds”) from the tendering owners at the applicable Purchase Price by wire transfer in immediately available funds. Funds for the payment of such Purchase Price shall be derived solely from the following sources in the order of priority indicated and the Trustee shall not be obligated to provide funds from any other source:



(i) immediately available funds on deposit in the Remarketing Proceeds Account established for the 2025E Subordinated Bonds under the Subordinate Resolution; and

(ii) moneys of SMUD on deposit in the District Purchase Account established for the 2025E Subordinated Bonds under the Subordinate Resolution.

On each Mandatory Purchase Date for the 2025E Subordinated Bonds, if the Trustee has not received an amount of remarketing proceeds sufficient to pay the Purchase Price of the 2025E Subordinated Bonds by 12:00 noon, New York City time, on such Purchase Date, the Trustee shall request funds from SMUD in an amount equal to the Purchase Price of all 2025E Subordinated Bonds which have not been successfully remarketed.

[Under the Subordinate Resolution, SMUD is obligated to deposit amounts into the District Purchase Account established for the 2025E Subordinated Bonds sufficient to pay the Purchase Price of the 2025E Subordinated Bonds to the extent that amounts on deposit in the Remarketing Proceeds Account established for the 2025E Subordinated Bonds are insufficient therefor. The failure of SMUD to deposit amounts into the District Purchase Account established for the 2025E Subordinated Bonds when SMUD is obligated to deposit such amounts under the Subordinate Resolution will constitute an Event of Default under the Subordinate Resolution.]

### **Inadequate Funds for Tenders**

If moneys sufficient to pay the Purchase Price of all Tendered Bonds to be purchased on any Mandatory Purchase Date are not available (1) no purchase shall be consummated of Tendered Bonds on such Mandatory Purchase Date; (2) all Tendered Bonds shall be returned to the Holders thereof; and (3) all remarketing proceeds with respect to the 2025E Subordinated Bonds will be returned to the applicable remarketing agent for return to the Persons providing such moneys. All Tendered Bonds will bear interest at a rate of interest of [8.0]% per annum during the period of time from and including the applicable Mandatory Purchase Date to (but not including) the date that all such Tendered Bonds are successfully remarketed, redeemed, purchased or paid (the “Delayed Remarketing Period”).

During this period of time, SMUD may (1) direct the conversion of Tendered Bonds without complying with the applicable notice requirements for such conversion, and (2) upon five Business Days’ notice, redeem Tendered Bonds as a whole or in part on any Business Day at a redemption price equal to the principal amount thereof, together with accrued interest thereon to the date fixed for redemption, without premium. During the Delayed Remarketing Period, interest on Tendered Bonds will be paid to the Holders thereof (i) on the first Business Day of each calendar month and (ii) on the last day of such Delayed Remarketing Period.

### **Optional Redemption**

The 2025E Subordinated Bonds in the Term Rate Mode are subject to redemption at the option of SMUD in whole or in part (provided that no 2025E Subordinated Bonds shall remain Outstanding except in Authorized Denominations) on any date on or after the Call Protection Date for the Term Rate Period at a Redemption Price equal to the principal amount, or portions thereof, of the 2025E Subordinated Bonds to be redeemed, without premium, plus accrued interest, if any, to the Redemption Date.

### **Mandatory Sinking Fund Redemption\***

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\* Preliminary, subject to change.



The 2025E Subordinated Bonds are subject to mandatory redemption in part, by lot, on [August 15] in the years shown in the following table, at a Redemption Price equal to the principal amount thereof, plus accrued interest, if any, to the date of redemption in an amount equal to the Sinking Fund Installments for such 2025E Subordinated Bonds for such date:

<u>Years*</u> <u>([August 15])</u>	<u>Sinking Fund</u> <u>Installment*</u>	<u>Years*</u> <u>([August 15])</u>	<u>Sinking Fund</u> <u>Installment*</u>
	\$		\$

†

† Stated Maturity

### **Selection of Bonds to be Redeemed; Notice of Redemption**

Whenever provision is made for the redemption of less than all of the 2025E Subordinated Bonds, the Trustee shall select the 2025E Subordinated Bonds to be redeemed, from the outstanding 2025E Subordinated Bonds not previously called for redemption, by lot in any manner which the Trustee deems fair.

Notice of redemption shall be mailed by first-class mail by the Trustee, not less than 20 nor more than 60 days prior to the redemption date, to the Holder of any 2025E Subordinated Bond called for redemption, but neither failure to receive such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the 2025E Subordinated Bonds. Each notice of redemption shall state the redemption date, the place of redemption, the principal amount to be redeemed, and shall also state that the interest on the 2025E Subordinated Bonds in such notice designated for redemption shall cease to accrue from and after such redemption date and that on said date there will become due and payable on each of said 2025E Subordinated Bonds the principal amount thereof to be redeemed, interest accrued thereon to the redemption date and the premium, if any, thereon (such premium to be specified). Each notice of optional redemption shall also state that redemption is conditioned upon receipt by the Trustee of sufficient funds on the applicable redemption date to pay the applicable redemption price of the 2025E Subordinated Bonds to be redeemed.

Any notice of optional redemption may be rescinded by written notice given to the Trustee by SMUD no later than two Business Days prior to the dated specified for redemption.

Notwithstanding the foregoing, notice of redemption shall not be required for 2025E Subordinated Bonds redeemed on a Mandatory Purchase Date.

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## DEBT SERVICE SCHEDULE

The following table sets forth the debt service requirements with respect to the 2025E Subordinated Bonds assuming no early redemptions. See also APPENDIX A – “INFORMATION REGARDING SACRAMENTO MUNICIPAL UTILITY DISTRICT – CAPITAL REQUIREMENTS AND OUTSTANDING INDEBTEDNESS – Outstanding Indebtedness – *Debt Service Requirements*.”

Calendar Year	Principal	Interest <sup>(1)</sup>	Total
	\$	\$	\$

	\$	\$	\$
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<sup>(1)</sup> Based on an assumed interest rate of \_\_\_% per annum following the initial scheduled Mandatory Purchase Date.

## SECURITY FOR THE SUBORDINATED BONDS

### Limited Obligations; Pledge of Revenues

The Subordinated Bonds, including the 2025E Subordinated Bonds, are revenue bonds and are not secured by the taxing power of SMUD. The principal of and premium, if any, and interest on the Subordinated Bonds (including the 2025E Subordinated Bonds), together with other Parity Subordinated Debt, are payable exclusively from the Net Subordinated Revenues of the Electric System of SMUD. The Subordinated Bonds and all other Parity Subordinated Debt are secured by a pledge of Revenues, subject to the condition that out of Revenues:

First: There shall be applied all sums required for maintenance and operation costs of the Electric System and all Energy Payments not included in maintenance and operation costs.



Second: There shall be applied all sums required for the payment of the principal of (including any premium thereon) and interest on the Senior Bonds and all other Parity Bonds, together with any sinking fund or reserve fund payments on the Senior Bonds and all other Parity Bonds.

Third: There shall be applied all sums required for the payment of the principal of (including any premium thereon) and interest on the Subordinated Bonds and all other Parity Subordinated Debt, together with any sinking fund or reserve fund payments on the Subordinated Bonds and all other Parity Subordinated Debt.

All remaining Revenues, after making the foregoing allocations, will be available to SMUD for all lawful SMUD purposes.

From time to time, SMUD may deposit in the Rate Stabilization Fund from such remaining Revenues such amounts as SMUD shall determine, provided that deposits in the Rate Stabilization Fund from remaining Revenues in any fiscal year may be made until (but not after) the date 120 days after the end of such fiscal year. SMUD may withdraw amounts from the Rate Stabilization Fund only for inclusion in Revenues for any fiscal year, such withdrawals to be made until (but not after) 120 days after the end of such fiscal year. All interest or other earnings upon deposits in the Rate Stabilization Fund shall be withdrawn therefrom and accounted for as Revenues. No deposit of Revenues to the Rate Stabilization Fund may be made to the extent such Revenues were included in any certificate submitted in connection with the issuance of additional bonds and withdrawal of the Revenues from the Revenues employed in rendering said certificate would have caused noncompliance with the additional bond provisions. See APPENDIX A – “RATES AND CUSTOMER BASE – Rates and Charges” for a description of the balance in the Rate Stabilization Fund.

Neither the credit nor the taxing power of SMUD is pledged to the payment of the Subordinated Bonds and the general fund of SMUD is not liable for the payment thereof. The owners of the Subordinated Bonds cannot compel the exercise of any taxing power of SMUD or the forfeiture of any of its property. The Subordinated Bonds are not a legal or equitable pledge, charge, lien or encumbrance upon any of SMUD’s property (including the Electric System) or upon any of its income, receipts or revenues except the Net Subordinated Revenues of the Electric System to the extent of the pledge thereof contained in the Subordinate Resolution.

### **Subordinate Pledge**

The Subordinated Bonds are subordinate in right of payment to the Senior Bonds and other Parity Bonds. As of March 31, 2025, Senior Bonds in the aggregate principal amount of \$1,898,985,000 were outstanding. If the Plan of Finance is implemented in whole, then upon completion of the Plan of Finance, Senior Bonds in the aggregate principal amount of \$[\_\_\_\_\_]” are expected to be outstanding. The Senior Bonds are issued pursuant to the Senior Bond Resolution. See APPENDIX E – “SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND RESOLUTION” for a description of certain provisions of the Senior Bond Resolution.

### **No Reserve Fund**

No reserve fund will be established or funded for the benefit of the 2025E Subordinated Bonds.

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\* Preliminary, subject to change.



## **Rates and Charges**

SMUD has covenanted in the Subordinate Resolution to establish and at all times maintain and collect rates and charges for the sale or use of electric energy generated, transmitted, distributed or furnished by SMUD which, together with certain items of other income permitted under the Subordinate Resolution, will yield Revenues at least sufficient, with respect to the ensuing 12 months, to pay and provide for (1) all sums required for Maintenance and Operation Costs and Energy Payments not included in Maintenance and Operation Costs, (2) all payments with respect to Parity Bonds, and (3) the total amount required for the payment of principal and interest, together with any sinking fund or reserve fund payments, on the Subordinated Bonds and all Parity Subordinated Debt, in each case during such 12 months.

For purposes of the calculations of payments to be made pursuant to the Subordinate Resolution, the interest rates on Parity Bonds and Parity Subordinated Debt which bear a variable rate of interest or a rate subject to periodic adjustment or to being fixed at some date after issuance shall be, if such Parity Bonds and Parity Subordinated Debt bear a rate or rates of interest for a known period or periods of time, such rate or rates of interest for such period or periods and thereafter, for the portion of the calculation period not covered by such known period or periods, the Assumed Interest Rate.

For purposes of the above calculations of principal of and interest on Parity Bonds or Parity Subordinated Debt, if a Financial Products Agreement has been entered into by SMUD with respect to any Parity Bonds or Parity Subordinated Debt, interest on such Parity Bonds or Parity Subordinated Debt shall be included in the calculation of such principal and interest by including for each fiscal year or period an amount equal to the amount of interest payable on such Parity Bonds or Parity Subordinated Debt in such fiscal year or period at the rate or rates stated in such Parity Bonds or Parity Subordinated Debt plus any Financial Product Payments payable in such fiscal year or period minus any Financial Product Receipts receivable in such fiscal year or period; provided that in no event shall any calculation made pursuant to this clause result in a number less than zero being included in the calculation of such principal and interest.

For purposes of the above calculations of principal of and interest on Parity Bonds and Parity Subordinated Debt, Excluded Principal Payments shall be disregarded (but interest on the Parity Bonds and Parity Subordinated Debt to which such Excluded Principal Payments relate shall be included until but not after the stated due date when principal payments on such Parity Bonds and Parity Subordinated Debt are scheduled by their terms to commence) and Assumed Principal Payments and Assumed Interest Payments shall be included.

SMUD has full power to establish rates and charges for all SMUD services, and the levels of such rates are not subject to review or regulation by any other governmental agency, either federal or state.

See Appendix D hereto for the definitions of certain capitalized terms used in this section.

## **Limitations on Additional Obligations Payable From Net Subordinated Revenues**

The Subordinate Resolution provides that SMUD will not, so long as any Subordinated Bonds are outstanding, issue any obligations payable in whole or in part from Net Subordinated Revenues except the following:

(a) Refunding Subordinated Bonds issued to refund all or part of the Parity Bonds or Subordinated Bonds;

(b) Additional Parity Subordinated Debt (including additional Subordinated Bonds under the Subordinate Resolution and additional Parity Subordinated Debt), with an equal lien and charge upon the Net Subordinated Revenues, but only subject to the following conditions:



(1) SMUD shall not then be in default under the Senior Bond Resolution, the Subordinate Resolution or other resolutions authorizing the issuance of Parity Bonds or Parity Subordinated Debt payable out of Revenues; and

(2) SMUD shall certify to the Trustee (i) that Net Revenues, after completion of any improvements proposed to be financed by such additional Parity Subordinated Debt, will be sufficient to pay the principal of and interest (and bond reserve fund requirements, if any) on all Parity Bonds and Parity Subordinated Debt then outstanding and on such additional Parity Subordinated Debt; and (ii) that Net Revenues, for a period of 12 consecutive months during the 24 months immediately preceding the date upon which such Parity Subordinated Debt shall become outstanding, shall have been at least equal to 1.10 times the sum of (i) the annual interest on Parity Bonds and Parity Subordinated Debt, (ii) the principal amount of Parity Bonds and Parity Subordinated Debt falling due, and (iii) the amount of minimum sinking fund payments falling due on Parity Bonds and Parity Subordinated Debt, all as computed for the year in which such sum shall then be a maximum, including both the then outstanding Parity Bonds and Parity Subordinated Debt and the Parity Subordinated Debt then proposed to be issued.

The calculation described above shall be made by taking the following into consideration:

(A) if rates and charges in effect on the date upon which such Parity Subordinated Debt will become outstanding will be greater than those in effect during the entire twelve months elected for the foregoing computation, then the Net Revenues for said period of twelve months may be augmented by the estimated increase in Net Revenues computed to accrue to the Electric System in the first twelve months during which such rates and charges shall be in effect;

(B) if such Parity Subordinated Debt or any portion thereof shall be issued for the purpose of acquiring an existing revenue-producing electric system, the estimated pro forma net revenues of such existing system (calculated on the basis of assumed SMUD ownership and operation during such period but otherwise on the basis of actual gross revenues of such existing system at the rates actually charged therefor) for the preceding twelve months may be added to the actual Net Revenues of the Electric System for the twelve months elected for said computation and treated as if actually received by the Electric System during those twelve months;

(C) for purposes of the above calculations of principal of and interest on Parity Subordinated Debt, Excluded Principal Payments shall be disregarded (but interest on the Parity Subordinated Debt to which such Excluded Principal Payments relate shall be included until but not after the stated due date when principal payments on such Parity Subordinated Debt are scheduled by their terms to commence) and Assumed Principal Payments and Assumed Interest Payments shall be included;

(D) for purposes of the above calculations, the interest rates on Parity Bonds and Parity Subordinated Debt which bear a variable rate of interest or a rate subject to periodic adjustment or to being fixed at some date after issuance shall be, if such Parity Bonds and Parity Subordinated Debt bear a rate or rates of interest for a known period or periods of time, such interest rate or rates for such period or periods, and thereafter, for the portion of the calculation period not covered by such known period or periods, the Assumed Interest Rate; and

(E) For purposes of the above calculations of principal of and interest on Parity Bonds and Parity Subordinated Debt, if a Financial Products Agreement has been or is being entered into by SMUD with respect to any Parity Bonds or Parity Subordinated Debt, interest on such Parity Bonds or Parity Subordinated Debt shall be included in the calculation of such principal and interest by including for each fiscal year or period an amount equal to the amount of interest payable on



such Parity Bonds or Parity Subordinated Debt in such fiscal year or period at the rate or rates stated in such Parity Bonds or Parity Subordinated Debt plus any Financial Product Payments payable in such fiscal year or period minus any Financial Product Receipts receivable in such fiscal year or period; provided that in no event shall any calculation made pursuant to this clause result in a number less than zero being included in the calculation of such principal and interest.

(c) Revenue bonds which are junior and subordinate to the payment of the principal, premium, interest and reserve fund requirements for the Subordinated Bonds and all Parity Subordinated Debt and which subordinated revenue bonds are payable as to principal, premium, and interest, and also reserve fund requirements, if any, only out of Net Subordinated Revenues after the prior payment of all amounts required to be paid under the Subordinate Resolution from Net Subordinated Revenues for principal, premium, interest and reserve fund requirements for the Subordinated Bonds and all Parity Subordinated Debt, as the same become due and payable.

### **SACRAMENTO MUNICIPAL UTILITY DISTRICT**

SMUD owns and operates an electric system that has provided retail electric service since 1946. SMUD's current service area is approximately 900 square miles, and includes the principal parts of Sacramento County and small portions of Placer and Yolo counties. For a full description of SMUD, its history, organization, operations, and financial performance, certain developments in the energy markets, certain factors affecting the electric utility industry, and certain regulatory and other matters, see APPENDIX A – "INFORMATION REGARDING SACRAMENTO MUNICIPAL UTILITY DISTRICT."

### **ABSENCE OF LITIGATION REGARDING THE 2025E SUBORDINATED BONDS**

SMUD is not aware of any action, suit or proceeding, threatened or pending, to restrain or enjoin the issuance, sale or delivery of the 2025E Subordinated Bonds, or in any way contesting or affecting the validity of the 2025E Subordinated Bonds or any of the proceedings of SMUD taken with respect to the 2025E Subordinated Bonds. SMUD is not aware of any action, suit or proceeding, threatened or pending, questioning the corporate existence of SMUD, or the title of the officers of SMUD to their respective offices, or the power and authority of SMUD to execute and deliver the 2025E Subordinated Bonds. For a description of certain litigation in which SMUD is involved, see APPENDIX A – "INFORMATION REGARDING SACRAMENTO MUNICIPAL UTILITY DISTRICT – LEGAL PROCEEDINGS."

### **UNDERWRITING**

Barclays Capital Inc. ("Barclays"), as representative of itself, BofA Securities, Inc., J.P. Morgan Securities LLC, PNC Capital Markets LLC, Goldman Sachs & Co. LLC, Morgan Stanley & Co. LLC and Wells Fargo Bank, National Association (each, an "Underwriter" and, collectively, the "Underwriters") have jointly and severally agreed, subject to certain customary conditions to closing, to purchase the 2025E Subordinated Bonds from SMUD at a purchase price of \$\_\_\_\_\_ (being the aggregate principal amount of the 2025E Subordinated Bonds, [plus/less] original issue [premium/discount] of \$\_\_\_\_\_, and less Underwriters' discount of \$\_\_\_\_\_). The Underwriters will be obligated to purchase all 2025E Subordinated Bonds if any 2025E Subordinated Bonds are purchased. The Underwriters have agreed to make a public offering of the 2025E Subordinated Bonds at the initial offering price set forth on the cover page hereof. The 2025E Subordinated Bonds may be offered and sold to certain dealers (including underwriters and other dealers depositing such bonds into investment trusts) at prices lower than such public offering price, and such public offering price may be changed, from time to time, by the Underwriters.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial



advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for SMUD for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of, or issued for the benefit of, SMUD.

BofA Securities, Inc., an underwriter of the 2025E Subordinated Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPF&S”). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the 2025E Subordinated Bonds.

Wells Fargo Corporate & Investment Banking is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Finance Group (“WFBNA”), one of the underwriters of the 2025E Subordinated Bonds, has entered into an agreement (the “WFA Distribution Agreement”) with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name “Wells Fargo Advisors”) (“WFA”), for the distribution of certain municipal securities offerings, including the 2025E Subordinated Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting compensation with respect to the 2025E Subordinated Bonds with WFA. WFBNA has also entered into an agreement (the “WFSLLC Distribution Agreement”) with its affiliate Wells Fargo Securities, LLC (“WFSLLC”), for the distribution of municipal securities offerings, including the 2025E Subordinated Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC’s expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

## **MUNICIPAL ADVISOR**

SMUD has retained PFM Financial Advisors LLC, as Municipal Advisor in connection with various matters relating to the delivery of the 2025E Subordinated Bonds. The Municipal Advisor assumes no responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. The Municipal Advisor is an independent advisory firm and is not engaged in underwriting or distribution of securities. The Municipal Advisor will receive compensation that is contingent upon the sale, issuance and delivery of the 2025E Subordinated Bonds.

## **APPROVAL OF LEGAL PROCEEDINGS**

The validity of the 2025E Subordinated Bonds and certain other legal matters are subject to the approval of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to SMUD. The approving opinion of Bond



Counsel will be delivered with the 2025E Subordinated Bonds in substantially the form appearing in APPENDIX F. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed on for the Underwriters by Nixon Peabody LLP, San Francisco, California, counsel to the Underwriters.

## **FINANCIAL STATEMENTS**

SMUD's audited, consolidated financial statements for the years ended December 31, 2024 and December 31, 2023 are included in APPENDIX B attached to this Official Statement. These financial statements have been audited by Baker Tilly US, LLP, Madison, Wisconsin (the "Auditor"), for the periods indicated and to the extent set forth in their report thereon and should be read in their entirety. SMUD has not requested nor did it obtain permission from the Auditor to include the audited, consolidated financial statements as an appendix to this Official Statement. Accordingly, the Auditor has not performed any procedures to review the financial condition or operations of SMUD subsequent to the date of its report included therein, nor has it reviewed any information contained in this Official Statement.

## **TAX MATTERS**

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to SMUD ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2025E Subordinated Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the 2025E Subordinated Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the 2025E Subordinated Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the 2025E Subordinated Bonds. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX F hereto.

To the extent the issue price of any maturity of the 2025E Subordinated Bonds is less than the amount to be paid at maturity of such 2025E Subordinated Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 2025E Subordinated Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the 2025E Subordinated Bonds which is excluded from gross income for federal income tax purposes and exempt from State of California personal income taxes. For this purpose, the issue price of a particular maturity of the 2025E Subordinated Bonds is the first price at which a substantial amount of such maturity of the 2025E Subordinated Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the 2025E Subordinated Bonds accrues daily over the term to maturity of such 2025E Subordinated Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such 2025E Subordinated Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such 2025E Subordinated Bonds. Beneficial Owners of the 2025E Subordinated Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2025E Subordinated Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such 2025E Subordinated Bonds in the original offering to the public at the first price at which a substantial amount of such 2025E Subordinated Bonds is sold to the public.



2025E Subordinated Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2025E Subordinated Bonds. SMUD has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the 2025E Subordinated Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the 2025E Subordinated Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 2025E Subordinated Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel’s attention after the date of issuance of the 2025E Subordinated Bonds may adversely affect the value of, or the tax status of interest on, the 2025E Subordinated Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the 2025E Subordinated Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the 2025E Subordinated Bonds may otherwise affect a Beneficial Owner’s federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the 2025E Subordinated Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the 2025E Subordinated Bonds. Prospective purchasers of the 2025E Subordinated Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel’s judgment as to the proper treatment of the 2025E Subordinated Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service (“IRS”) or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of SMUD, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. SMUD has covenanted, however, to comply with the requirements of the Code.

Bond Counsel’s engagement with respect to the 2025E Subordinated Bonds ends with the issuance of the 2025E Subordinated Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend



SMUD or the Beneficial Owners regarding the tax-exempt status of the 2025E Subordinated Bonds in the event of an audit examination by the IRS. Under current procedures, Beneficial Owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which SMUD legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the 2025E Subordinated Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the 2025E Subordinated Bonds, and may cause SMUD or the Beneficial Owners to incur significant expense.

Payments on the 2025E Subordinated Bonds generally will be subject to U.S. information reporting and possibly to “backup withholding.” Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate Beneficial Owner of 2025E Subordinated Bonds may be subject to backup withholding with respect to “reportable payments,” which include interest paid on the 2025E Subordinated Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the 2025E Subordinated Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number (“TIN”) to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a “notified payee underreporting” described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a Beneficial Owner’s federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain Beneficial Owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

## **CONTINUING DISCLOSURE UNDERTAKING**

Pursuant to the Continuing Disclosure Agreement, SMUD will covenant for the benefit of the holders and the “Beneficial Owners” (as defined in the Continuing Disclosure Agreement) of the 2025E Subordinated Bonds to provide certain financial information and operating data relating to SMUD by not later than 180 days after the end of each of SMUD’s fiscal years (presently, each December 31), commencing with the report for the year ending December 31, 2025 (the “Annual Report”), and to provide notices of the occurrence of certain listed events with respect to the 2025E Subordinated Bonds. The Annual Report will be filed by or on behalf of SMUD with the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access system (“EMMA”) and any notices of such listed events will be filed by or on behalf of SMUD with the MSRB through EMMA. The specific nature of the information to be contained in the Annual Report and the notices of listed events are set forth in the form of the Continuing Disclosure Agreement which is included in its entirety in APPENDIX G hereto. SMUD’s covenant will be made in order to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12.

In a limited number of circumstances, certain of the annual reports, audited financial statements or listed event filings required to be made by SMUD during the last five years under its continuing disclosure undertakings were not connected to all of the CUSIP numbers of the bonds subject to the continuing disclosure undertakings. In addition, SMUD entered into two subordinated forward starting interest rate swaps in December 2019 and filed a notice of the interest rate swaps with the MSRB through EMMA in April 2020. In a limited number of circumstances during the last five years, SMUD has filed notices of ratings upgrades with respect to certain bonds later than the time required for such filings under its continuing disclosure undertakings for such bonds.



## **RATINGS**

Fitch Ratings, Inc. (“Fitch”) and Moody’s Investors Service, Inc. (“Moody’s”) have assigned ratings of “[ ]” and “[ ],” respectively, to the 2025E Subordinated Bonds. Such ratings reflect only the views of such organizations and are not a recommendation to buy, sell or hold the 2025E Subordinated Bonds. Explanations of the significance of such ratings may be obtained only from the respective rating agencies. SMUD has furnished to Fitch and Moody’s certain information and materials concerning the 2025E Subordinated Bonds and itself. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such ratings will continue for any given period or that they will not be revised downward, suspended or withdrawn entirely by the respective rating agencies, if in the judgment of such rating agency, circumstances so warrant. SMUD has not, other than as described under “CONTINUING DISCLOSURE UNDERTAKING” above, and the Underwriters have not undertaken any responsibility either to bring to the attention of the holders or beneficial owners of the 2025E Subordinated Bonds any proposed revision, suspension or withdrawal of any rating on the 2025E Subordinated Bonds or to oppose any such proposed revision, suspension or withdrawal. Any such downward revision, suspension or withdrawal of such ratings may have an adverse effect on the market price or marketability of the 2025E Subordinated Bonds.

## **MISCELLANEOUS**

This Official Statement includes descriptions of the terms of the 2025E Subordinated Bonds, power purchase agreements with certain other parties, pooling and other agreements, the Subordinate Resolution and certain provisions of the Act. Such descriptions do not purport to be complete, and all such descriptions and references thereto are qualified in their entirety by reference to each such document.

Copies of the Subordinate Resolution, which forms a contract with the Holders of the 2025E Subordinated Bonds, will be made available upon request.



This Official Statement has been duly authorized by the Board of Directors of SMUD.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By: \_\_\_\_\_  
Chief Executive Officer and General Manager



## **APPENDIX A**

### **INFORMATION REGARDING SACRAMENTO MUNICIPAL UTILITY DISTRICT**



**APPENDIX B**

**2024 AND 2023 CONSOLIDATED FINANCIAL STATEMENTS  
AND REPORT OF INDEPENDENT ACCOUNTANTS**



## **APPENDIX C**

### **BOOK-ENTRY SYSTEM**

The information in this Appendix regarding DTC has been provided by DTC, and SMUD takes no responsibility for the accuracy or completeness thereof. SMUD cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute the Beneficial Owners either (a) payments of interest or principal with respect to the 2025E Subordinated Bonds or (b) certificates representing ownership interest in or other confirmation of ownership interest in the 2025E Subordinated Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement.

The Depository Trust Company (“DTC”) New York, NY, will act as securities depository for the 2025E Subordinated Bonds. The 2025E Subordinated Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond certificate will be issued for the 2025E Subordinated Bonds, each in the aggregate principal amount of such series, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others, such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the 2025E Subordinated Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2025E Subordinated Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2025E Subordinated Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2025E Subordinated Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their beneficial ownership interests in the 2025E Subordinated Bonds, except in the event that use of the book-entry system for the 2025E Subordinated Bonds is discontinued.



To facilitate subsequent transfers, all 2025E Subordinated Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of the 2025E Subordinated Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2025E Subordinated Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2025E Subordinated Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the 2025E Subordinated Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2025E Subordinated Bonds, such as redemptions, tenders, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of the 2025E Subordinated Bonds may wish to ascertain that the nominee holding the 2025E Subordinated Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

Redemption notices shall be sent to DTC. If less than all of the 2025E Subordinated Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the 2025E Subordinated Bonds of such series to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2025E Subordinated Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to SMUD as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2025E Subordinated Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, redemption proceeds and interest payments on the 2025E Subordinated Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from SMUD or the Trustee, on a payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participants and not of DTC, its nominee, the Trustee or SMUD, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, redemption proceeds and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of the Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its 2025E Subordinated Bonds purchased or tendered, through its Participant, to the Underwriters, and shall effect delivery of such 2025E Subordinated Bonds by causing the Direct Participant to transfer the Participant's interest in the 2025E Subordinated Bonds, on DTC's records, to the Underwriters. The requirement of physical delivery of 2025E Subordinated Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the 2025E Subordinated Bonds are transferred by Direct Participants on



DTC's records and followed by a book-entry credit of tendered 2025E Subordinated Bonds to the applicable Underwriter's DTC account.

DTC may discontinue providing its services as depository with respect to the 2025E Subordinated Bonds at any time by giving reasonable notice to SMUD or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

SMUD may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond certificates for such 2025E Subordinated Bonds will be printed and delivered to DTC.

**Neither SMUD or the Trustee will have any responsibility or obligation to Participants, to Indirect Participants or to any Beneficial Owner with respect to (i) the accuracy of any records maintained by DTC, any Participant, or any Indirect Participant; (ii) the payment by DTC or any Participant or Indirect Participant of any amount with respect to the principal of or premium, if any, or interest on the 2025E Subordinated Bonds; (iii) any notice which is permitted or required to be given to Holders under the Resolution; (iv) the selection by DTC, any Participant or any Indirect Participant of any person to receive payment in the event of a partial redemption of 2025E Subordinated Bonds; (v) any consent given or other action taken by DTC as Bondholder; or (vi) any other procedures or obligations of DTC, Participants or Indirect Participants under the book-entry system.**



## **APPENDIX D**

### **SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE RESOLUTION**

The following is a summary of certain provisions of the Subordinate Resolution. Other provisions of the Subordinate Resolution are described under the caption “SECURITY FOR THE SUBORDINATED BONDS.” This summary is not to be considered a full statement of the terms of the Subordinate Resolution and accordingly is qualified by reference thereto and is subject to the full text thereof. Capitalized terms not otherwise defined in this Official Statement shall have the meanings ascribed thereto in the Subordinate Resolution.

#### **Certain Definitions**

“Assumed Interest Payments” means, for any fiscal year or period, interest which would accrue during such fiscal year or period on an amount equal to the then unamortized balance of the remaining sum of Assumed Principal Payments and at the interest rate on the date of such calculation on the Parity Subordinated Debt to which such Assumed Principal Payments relate.

“Assumed Interest Rate” for any Parity Bond or Parity Subordinated Debt means, for any fiscal year or period, the interest rate thereon on the date of such calculation.

“Assumed Principal Payments” means for any fiscal year or period the sum of the following amounts falling within such fiscal year or period: each Excluded Principal Payment amortized equally over the years (pro rata in the case of a partial year) in the period commencing on the stated due date for such Excluded Principal Payment and ending on the date 30 years from the date of issuance of the Parity Subordinated Debt to which such Excluded Principal Payment relates.

“Bond Debt Service” means all amounts required to be paid under the Subordinate Resolution from Net Revenues for principal, interest and reserve fund requirements on the Senior Bonds and all Parity Bonds then outstanding, as the same become due and payable.

“Defeasance Securities” shall mean and include any of the following securities, if and to the extent the same are at the time legal for investment of SMUD’s funds:

- (i) any bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America, including obligations of any of the federal agencies set forth in clause (iii) below to the extent unconditionally guaranteed by the United States of America;

- (ii) any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (a) which are not callable prior to maturity or as to which irrevocable instructions have been given to the trustee of such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified in such instructions, (b) which are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described in the clause (i) above which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (ii), as appropriate, and (c) as to which the principal of and interest on the bonds and obligations of the character described in the clause (i) above which have been deposited in such fund along with any cash on deposit in such



fund are sufficient to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (ii) on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (ii), as appropriate;

(iii) bonds, debentures, or other evidences of indebtedness issued or guaranteed by any agency or corporation which has been or may thereafter be created pursuant to an Act of Congress as an agency or instrumentality of the United States of America; and

(iv) with respect to the defeasance of any particular series of Bonds, any other securities specified in the Supplemental Resolution providing for their issuance.

“Electric System” and “Enterprise” means the entire electric system of SMUD, together with all additions, betterments, extensions and improvements to said system or any part thereof. The entire electric system of SMUD shall be deemed to be and to constitute a single unified and integrated system for the furnishing of electric energy to consumers of SMUD and a single enterprise. The terms “Electric System” and “Enterprise” shall have the same meaning and may be used interchangeably.

“Energy Payments” means, when used with respect to the Electric System, all actual costs incurred, or charges made therefor, by SMUD in any particular fiscal year or period to which said term is applicable for purchased power (including power purchased from any special district included within the boundaries of SMUD), electric and thermal energy and capacity and under contracts providing for payments by SMUD for electric or thermal energy or capacity whether or not such energy or capacity is delivered or capable of being delivered or otherwise made available to or received by or for the account of SMUD.

“Excluded Principal Payments” shall mean each payment of principal of Parity Subordinated Debt which the Board of Directors of SMUD determines (on a date not later than the date of issuance of such Parity Subordinated Debt) that SMUD intends to pay with moneys which are not Revenues. No such determination shall affect the security for such Parity Subordinated Debt or the obligation of SMUD to pay such payments from Revenues.

“Financial Products Agreement” means an interest rate swap, cap, collar, option, floor, forward or other hedging agreement, arrangement or security, however denominated, entered into by SMUD with a Qualified Provider not for investment purposes but with respect to specific Parity Bonds, Subordinated Bonds or Parity Subordinated Debt for the purpose of (1) reducing or otherwise managing SMUD’s risk of interest rate changes or (2) effectively converting SMUD’s interest rate exposure, in whole or in part, from a fixed rate exposure to a variable rate exposure, or from a variable rate exposure to a fixed rate exposure.

“Financial Product Payments” means payments periodically required to be paid to a counterparty by SMUD pursuant to a Financial Products Agreement. For the purpose of complying with any coverage test under the Subordinate Resolution, SMUD (or its consultant) may assume, with respect to any prospective Financial Product Payments that may adjust or vary pursuant to the terms of the related Financial Products Agreement, that the index or benchmark upon which the prospective Financial Product Payments are based shall be fixed for the prospective calculation period at the lesser of (a) the index or benchmark in effect as of the date of calculation, or (b) average rate of such index or benchmark over the most recent twelve calendar months preceding the date of calculation. If a twelve-month average index or benchmark as described in clause (b) is not calculable due to insufficient historic data or other reasons, SMUD (or its consultant) shall use the index or benchmark in effect as of the date of calculation.

“Financial Product Receipts” means amounts periodically required to be paid to SMUD by a counterparty pursuant to a Financial Products Agreement. For the purpose of complying with any coverage



test under the Subordinate Resolution, SMUD (or its consultant) may assume, with respect to any prospective Financial Product Receipts that may adjust or vary pursuant to the terms of the related Financial Products Agreement, that the index or benchmark upon which the prospective Financial Product Receipts are based shall be fixed for the prospective calculation period at the lesser of (a) the index or benchmark in effect as of the date of calculation, or (b) average rate of such index or benchmark over the most recent twelve calendar months preceding the date of calculation. If a twelve-month average index or benchmark as described in clause (b) is not calculable due to insufficient historic data or other reasons, SMUD (or its consultant) shall use the index or benchmark in effect as of the date of calculation.

“Maintenance and Operation Costs” means, when used with respect to the Electric System, all actual maintenance and operation costs incurred, or charges made therefor, by SMUD in any particular fiscal year or period to which said term is applicable, but only if said charges are made in conformity with generally accepted accounting principles, and exclusive in all cases of depreciation or obsolescence charges or reserves therefor, amortization of intangibles or other bookkeeping entries of a similar nature, and also exclusive of all interest charges and charges for the payment of principal, or amortization, of bonded or other indebtedness of SMUD.

Such maintenance and operation costs of the Electric System include, generally, purchased power (including power purchased from any special district included within the boundaries of SMUD), and such part of the cost of fuel of any type or character (including nuclear fuel), taxes, salaries and wages, fees for services, materials and supplies, rents, office supplies and all other costs as are charged directly or apportioned to the operation and maintenance of the generation, transmission and distribution system, customer accounts, sales and administrative functions, or to the general operation of SMUD. Said term does not include costs, or charges made therefor, for capital additions, replacements, betterments, extensions or improvements to or retirements from the Electric System, which under generally accepted accounting principles are properly chargeable to the capital account or the reserve for depreciation, and does not include losses from the sale, abandonment, reclassification, revaluation or other disposition of any properties of SMUD nor such property items, including taxes and fuel, which are capitalized pursuant to the then existing accounting practice of SMUD.

“Net Revenues” for any fiscal period means the sum of (a) the Revenues for such fiscal period plus (b) the amounts, if any, withdrawn by SMUD from the Rate Stabilization Fund for treatment as Revenues for such fiscal period, less the sum of (c) all Maintenance and Operation Costs for such fiscal period, (d) all Energy Payments for such fiscal period not included in Maintenance and Operation Costs for such fiscal period, and (e) the amounts, if any, withdrawn by SMUD from Revenues for such fiscal period for deposit in the Rate Stabilization Fund pursuant to the Subordinate Resolution.

“Net Subordinated Revenues” means Net Revenues less Bond Debt Service.

“Parity Bonds” includes the Senior Bonds and all revenue bonds issued on a parity with the Senior Bonds as provided or permitted in the Senior Bond Resolution. No Parity Bonds (other than the Senior Bonds) are currently outstanding.

“Parity Subordinated Debt” means the Subordinated Bonds and all revenue bonds of SMUD having an equal lien and charge upon Net Subordinated Revenues and therefore payable on a parity with the Subordinated Bonds and junior to the Parity Bonds.

“Qualified Provider” means any counterparty to a Financial Products Agreement if the unsecured long-term debt obligations of such counterparty (or of the parent or a subsidiary of such counterparty if such parent or subsidiary unconditionally guarantees the performance of such counterparty under such Financial Products Agreement and the Trustee receives an opinion of counsel to the effect that such



guarantee is a valid and binding agreement of such parent or subsidiary), or obligations secured or supported by a letter of credit, contract, guarantee, agreement, insurance policy or surety bond issued by such counterparty (or such guarantor parent or subsidiary), are rated in one of the three highest rating categories of a national rating agency (without regard to any gradation or such rating category) at the time of the execution and delivery of the Financial Products Agreement.

“Revenues” means all charges received for, and all other income and receipts derived by SMUD from, the operation of the Electric System, or arising from the Electric System, including income derived from the sale or use of electric energy generated, transmitted or distributed by any facilities of the Electric System, together with any receipts derived from the sale of any property pertaining to the Electric System or incidental to the operation of the Electric System or from any services performed by SMUD in connection with or incidental to the Electric System, or from any other source whatsoever directly or indirectly derived from the Electric System, but exclusive in every case of any moneys derived from the levy or collection of taxes upon any taxable property in SMUD.

The term “Revenues” also includes any income or revenues derived from the wholesale sale of water developed by the White Rock Project (as defined in Resolution No. 4775), or the Upper American River Project (as defined in Resolution No. 4938), but does not include revenues or income derived from the retail distribution of water through any distribution facility thereafter acquired by SMUD.

The term “Revenues” also includes all interest, profits or other income derived from the investment of any moneys in any fund or account established under the Subordinate Resolution or the Senior Bond Resolution.

### **Additional Covenants**

The Subordinate Resolution contains the following additional covenants, among others:

(a) That the Electric System will be maintained in good repair, working order and condition at all times, and will be continuously operated in an efficient and economical manner.

(b) That SMUD will comply with all lawful orders of any governmental agency or authority having jurisdiction in the premises (except while the validity or application thereof is being contested in good faith).

(c) That proper records and accounts will be maintained of all transactions relating to the Electric System and the Revenues (open to inspection by the Trustee and the Holders of not less than 10 percent in principal amount of the Subordinated Bonds), to be audited annually by an independent certified public accountant within 90 days after close of the fiscal year, and copies of such financial statements supplied to Bondholders on request.

### **Tax Covenants**

SMUD agrees in the Subordinate Resolution not to take any action which would result in interest on the 2025E Subordinated Bonds not being excluded from gross income for federal income tax purposes. SMUD also agrees to establish a separate Rebate Fund for the 2025E Subordinated Bonds and to deposit therein such amounts as are necessary to make the required rebate payments to the United States Government under the Internal Revenue Code of 1986. Such deposits will be made from any Revenues legally available to SMUD after payment of maintenance and operation costs and Energy Payments, principal of and interest on the Parity Bonds, principal of and interest on the Subordinated Bonds, and any



other obligations secured by the Revenues. Amounts in the Rebate Fund, and any earnings thereon, shall be paid to the United States Government as provided in the Tax Certificate.

### **Amendment of the Subordinate Resolution**

The Subordinate Resolution and the rights and obligations of SMUD and of the Holders of the Subordinated Bonds may be modified or amended at any time pursuant to the affirmative vote at a meeting of Bondholders, or with the written consent without a meeting, of the Holders of 60% in aggregate principal amount of the Subordinated Bonds then outstanding, provided that no such modification or amendment shall (i) extend the fixed maturity of any Subordinated Bond, or reduce the principal amount thereof, or reduce the rate or extend the time of payment of interest thereon or reduce any premium payable upon the redemption thereof, without the consent of the Holder of each Subordinated Bond so affected, or (ii) reduce the aforesaid percentage of Subordinated Bonds required for consent to an amendment or modification, without the consent of the Holders of all the Subordinated Bonds then outstanding. Modifications or amendments may be made, without the consent of any Bondholders, to add covenants of SMUD or to surrender rights reserved by SMUD in the Subordinate Resolution, to cure ambiguities or defective or inconsistent provisions or in regard to questions arising under the Subordinate Resolution without adversely affecting the interests of the Bondholders, or to provide for the issuance of a Series of Subordinated Bonds, subject to the provisions contained in the Subordinate Resolution with respect thereto.

### **Events of Default and Remedies of Bondholders**

*Events of Default.* The Subordinate Resolution declares each of the following to be an event of default:

- (a) Failure to pay the principal of and premium on any Subordinated Bond when due and payable;
- (b) failure to pay any installment of interest on any Subordinated Bond when due and payable, if such default continues for a period of 30 days;
- (c) if the principal of any Parity Bonds shall be declared to be due and payable on account of the occurrence of a default under or breach of the terms thereof or the Senior Bond Resolution or a similar instrument; and
- (d) if, under the provisions of any law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of SMUD or of the whole or any substantial part of its property, and such custody or control shall not be terminated or stayed within 60 days.

then and in each and every case during the continuance of such event of default, the Trustee or the Holders of not less than a majority in aggregate principal amount of the Subordinated Bonds at the time outstanding shall be entitled, upon notice in writing to SMUD, to declare the principal of all of the Subordinated Bonds then outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in the Subordinate Resolution or in the Subordinated Bonds contained to the contrary notwithstanding.

*Trustee to Represent Subordinated Bondholders.* The Trustee is appointed as trustee to represent the Subordinated Bondholders in the matter of exercising and prosecuting on their behalf such rights and remedies as may be available to such Holders under the provisions of the Subordinated Bonds and the Subordinate Resolution, as well as under the Act or other provisions of applicable law. Upon any default or other occasion giving rise to a right of the Trustee to represent the Subordinated Bondholders, the Trustee



may take such action as may seem appropriate to it, and, upon the request in writing of the Holders of twenty-five percent (25%) in aggregate principal amount of the Subordinated Bonds then outstanding, which request shall specify such default or occasion and the action to be taken by the Trustee, and upon being furnished with indemnity satisfactory to it, the Trustee shall take such action on behalf of the Bondholders as may have been requested.

*Remedies.* In case one or more of the events of default shall happen, then and in every such case the Holder of any Subordinated Bond at the time outstanding shall be entitled to proceed to protect and enforce the rights vested in such Holder by the Subordinate Resolution by such appropriate judicial proceeding as such Holder shall deem most effectual to protect and enforce any such right, either by suit in equity or by action at law, whether for the specific performance of any covenant or agreement contained in the Subordinate Resolution, or in aid of the exercise of any powers granted in the Subordinate Resolution, or to enforce any other legal or equitable right vested in the Holders of Subordinated Bonds by the Subordinate Resolution or by law

*Distribution of Assets.* Upon any distribution of assets of SMUD upon any dissolution, winding up, liquidation or reorganization of SMUD, whether in bankruptcy, insolvency, reorganization or receivership proceedings or upon an assignment for the benefit of creditors or any other marshalling of the assets and liabilities of SMUD or upon any acceleration of maturity of the Subordinated Bonds by declaration or otherwise,

(a) the holders of all Parity Bonds shall first be entitled to receive payment in full of the principal thereof (and premium, if any) and interest due thereon, or provision shall be made for such payment in cash, before the Holders of the Subordinated Bonds are entitled to receive any payment on account of the principal of (or premium, if any) or interest on the indebtedness evidenced by the Subordinated Bonds;

(b) any payment by, or distribution of assets of, SMUD of any kind or character, whether in cash, property or securities, to which the Holders of the Subordinated Bonds or the Trustee would be entitled except for the provisions of the Subordinate Resolution shall be paid or delivered by the person making such payment or distribution, whether a trustee in bankruptcy, a receiver or liquidating trustee or otherwise, directly to the holders of Parity Bonds or their representative or representatives or to the trustee or trustees under the Senior Bond Resolution or any similar instrument under which any instruments evidencing any of such Parity Bonds may have been issued, ratably according to the aggregate amounts remaining unpaid on account of the Parity Bonds held or represented by each, to the extent necessary to make payment in full of all Parity Bonds remaining unpaid after giving effect to any concurrent payment or distribution (or provision therefor) to the holders of such Parity Bonds; and

(c) in the event that, notwithstanding the foregoing, any payment by, or distribution of assets of, SMUD of any kind or character, whether in cash, property or securities shall be received by the Trustee or the Holders of the Subordinated Bonds before all Parity Bonds are paid in full, such payment or distribution shall be held in Trust for the benefit of, and shall be paid over to the holders of such Parity Bonds or their representative or representatives or to the trustee or trustees under the Subordinate Resolution or any similar instrument under which any instruments evidencing any of such Parity Bonds may have been issued, ratably as aforesaid, for application to the payment of all Parity Bonds remaining unpaid until all such Parity Bonds shall have been paid in full, after giving effect to any concurrent payment or distribution (or provision therefor) to the holders of such Parity Bonds.



**Discharge of Subordinate Resolution**

The Subordinate Resolution may be discharged by depositing with the Trustee in trust, moneys or Defeasance Securities, in such amount as the Trustee shall determine will, together with the interest to accrue thereon, be fully sufficient to pay and discharge the indebtedness on all Subordinated Bonds at or before their respective maturity dates.



## **APPENDIX E**

### **SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND RESOLUTION**

The following is a summary of certain provisions of the Senior Bond Resolution. This summary is not to be considered a full statement of the terms of the Senior Bond Resolution and accordingly is qualified by reference thereto and is subject to the full text thereof. Capitalized terms not otherwise defined in this Official Statement shall have the meanings ascribed thereto in the Senior Bond Resolution.

Between July 1997 and August 2003, SMUD received consents to amend the Senior Bond Resolution from the owners of the requisite percentage of Outstanding Senior Bonds. Pursuant to the authority granted by such consents, SMUD amended the Senior Bond Resolution in October 2003 by adopting the Forty-Eighth Supplemental Resolution and the Forty-Ninth Supplemental Resolution. The following summary of the Senior Bond Resolution reflects such amendments.

#### **Certain Definitions**

“Energy Payments” means, when used with respect to the Electric System, all actual costs incurred, or charges made therefor, by SMUD in any particular fiscal year or period to which said term is applicable for purchased power (including power purchased from any special district included within the boundaries of SMUD), electric and thermal energy and capacity under contracts providing for payments by SMUD for electric or thermal energy or capacity whether or not such energy or capacity is delivered or capable of being delivered or otherwise made available to or received by or for the account of SMUD.

“Net Revenues” for any fiscal period means the sum of (a) the Revenues for such fiscal period plus (b) the amounts, if any, withdrawn by SMUD from the Rate Stabilization Fund for treatment as Revenues for such fiscal period, less the sum of (c) all Maintenance and Operation Costs for such fiscal period, (d) all Energy Payments for such fiscal period not included in Maintenance and Operation Costs for such fiscal period, and (e) the amounts, if any, withdrawn by SMUD from Revenues for such fiscal period for deposit in the Rate Stabilization Fund pursuant to the Senior Bond Resolution.

“Parity Bonds” includes the Senior Bonds and all revenue bonds issued on a parity with the Senior Bonds as provided or permitted in the Senior Bond Resolution. No Parity Bonds (other than the Senior Bonds) are currently outstanding.

“Revenues” means all charges received for, and all other income and receipts derived by SMUD from, the operation of the Electric System, or arising from the Electric System, including income derived from the sale or use of electric energy generated, transmitted or distributed by any facilities of the Electric System, together with any receipts derived from the sale of any property pertaining to the Electric System or incidental to the operation of the Electric System or from any services performed by SMUD in connection with or incidental to the Electric System, or from any other source whatsoever directly or indirectly derived from the Electric System, but exclusive in every case of any moneys derived from the levy or collection of taxes upon any taxable property in SMUD.

The term “Revenues” also includes any income or revenues derived from the wholesale sale of water developed by the White Rock Project (as defined in Resolution No. 4775), or the Upper American River Project (as defined in Resolution No. 4938), but does not include revenues or income derived from the retail distribution of water through any distribution facility thereafter acquired by SMUD. The term “Revenues” also includes all interest, profits or other income derived from the investment of any moneys in any fund or account established under the Senior Bond Resolution.



## **Allocation of Revenues**

After making an allocation of Revenues to Maintenance and Operation Costs and to Energy Payments not included in Maintenance and Operation Costs, the Treasurer of SMUD is required (subject to the last paragraph of this section) to set aside, on an equal priority with sums set aside for all other Parity Bonds, Net Revenues as follows:

First: To the Electric Revenue Bond Interest Fund, in approximately equal monthly installments on or before the first day of each month, an amount equal to at least one-fifth (1/5) of the aggregate amount of interest becoming due on the Senior Bonds on the next succeeding semiannual interest payment date, until an amount sufficient to meet said interest payment is accumulated.

Second: To the Electric Revenue Bond Redemption Fund, to be set aside in the Principal Account and Sinking Fund, respectively, in approximately equal monthly installments on or before the first day of each month, an amount equal to at least one-tenth (1/10) of the aggregate amount of principal becoming due on serial Senior Bonds and the aggregate minimum sinking fund payments required to be made with respect to term Senior Bonds during the next ensuing 12 months, until an amount sufficient to meet the principal and sinking fund requirements on all Senior Bonds outstanding is accumulated in said accounts, respectively.

Third: To the Electric Revenue Bond Reserve Fund, such amounts as any supplemental resolution authorizing the issuance of a series of Senior Bonds may require to build up and maintain said fund.

If interest on Senior Bonds of a series or maturity is payable more frequently than semiannually, the Treasurer of SMUD shall set aside out of Net Revenues in the Interest Fund such amounts as may be required to pay interest on the Senior Bonds of such series or maturity on each interest payment date at least one month prior to such interest payment date. Allocation to the Electric Revenue Bond Redemption Fund and Electric Revenue Bond Reserve Fund shall be made as set forth above.

All remaining Revenues, after making the foregoing allocations, will be available to SMUD for all lawful SMUD purposes. Such remaining Revenues will be used for the purpose of, among other things, making any required deposits to the Rebate Fund. See "Tax Covenants."

## **Reserve Fund**

The Electric Revenue Bond Reserve Fund is a parity reserve fund for the equal benefit of all Parity Bonds outstanding. Moneys in such fund (except any excess over the required balance which may be withdrawn and used for any SMUD use) shall be used solely for the purpose of making good any deficiency in any fund established for the payment of interest, principal or sinking fund payments pursuant to the Senior Bond Resolution or any resolution authorizing the issuance of any Parity Bonds.

The Electric Revenue Bond Reserve Fund is required to be maintained in an amount such that the amount in the combined reserve funds of all Parity Bonds then outstanding will at no time be less than the current annual interest requirements on all then outstanding Parity Bonds (except bonds for which payment has been provided in advance). If SMUD's debt service ratio in any fiscal year (the ratio of Net Revenues



during said fiscal year to maximum annual debt service during the period of three fiscal years next following said fiscal year on all Parity Bonds then outstanding) shall fall below 1.40, there shall be set aside in the reserve funds from the first available Net Revenues not less than 15 percent of the total current monthly interest requirements of all Parity Bonds until the debt service ratio again exceeds 1.40, or until the aggregate amount on deposit in the reserve funds is equal to the maximum annual debt service on all Parity Bonds, whichever occurs first. The combined reserve funds cannot be required to exceed the maximum annual debt service on all outstanding Parity Bonds.

### **Rates and Charges**

SMUD has covenanted in the Senior Bond Resolution to establish and at all times maintain and collect rates and charges for the sale or use of electric energy generated, transmitted, distributed or furnished by SMUD which, together with certain items of other income permitted under the Senior Bond Resolution, will yield Revenues at least sufficient, with respect to the ensuing 12 months, to pay and provide for all sums required for Maintenance and Operation Costs and Energy Payments not included in Maintenance and Operation Costs and, in addition, to provide an aggregate sum equal to at least 1.20 times the total amount required for the payment of principal and interest, together with any sinking fund or reserve fund payments, on all Parity Bonds, in each case during such 12 months.

SMUD has full power to establish rates and charges for all SMUD services, and the levels of such rates are not subject to review or regulation by any other governmental agency, either federal or state.

### **Limitations on Additional Obligations Payable from Revenues**

The Senior Bond Resolution provides that SMUD will not, so long as any Senior Bonds are outstanding, issue any obligations payable in whole or in part from Revenues except the following:

- (a) Senior Bonds of any series authorized pursuant to the Senior Bond Resolution;
- (b) Refunding bonds issued solely to refund all or part of the Parity Bonds;
- (c) General obligation bonds or other securities secured by the full faith and credit of SMUD;
- (d) Additional revenue bonds (including additional Parity Bonds), payable on a parity with the Senior Bonds, with an equal lien and charge upon the Revenues, but only subject to the following conditions:
  - (1) Such additional revenue bonds shall have been authorized;
  - (2) The proceedings for the issuance of such additional revenue bonds shall require SMUD to fix and collect rates and charges in an amount not less, with respect to such bonds, than the amounts required with respect to Senior Bonds issued under the Senior Bond Resolution;
  - (3) SMUD shall not then be in default under the Senior Bond Resolution or other resolutions authorizing the issuance of Parity Bonds; and



(4) A certificate of SMUD, certifying--

(1) that the Net Revenues, after the completion of the additions, betterments, extensions or improvements proposed to be financed from the proceeds of such additional revenue bonds, will be sufficient to pay the principal of and interest (and bond reserve fund requirements, if any) on all Parity Bonds then outstanding and on such additional revenue bonds then proposed to be issued, and

(2) that the Net Revenues, for a period of twelve consecutive months during the twenty-four months immediately preceding the date upon which such additional revenue bonds will become outstanding, have been at least equal to 1.25 times the sum of

- (i) the annual interest,
- (ii) the principal amount of serial bonds falling due, and
- (iii) the amount of minimum sinking fund payments required for the payment of term bonds,

as computed for the year in which such sum shall then be a maximum, including both the then outstanding Parity Bonds and the additional revenue bonds then proposed to be issued, provided that--

(A) if rates and charges in effect on the date upon which such additional revenue bonds will become outstanding will be greater than those in effect during the entire twelve months elected for the foregoing computation, then the Net Revenues for said period of twelve months may be augmented by 75% of the estimated increase in Net Revenues computed to accrue to the Electric System in the first twelve months during which such rates and charges shall be in effect; and

(B) if such additional revenue bonds or any thereof shall be issued for the purpose of acquiring an existing revenue-producing electric system, 75% of the estimated pro forma net revenues of such existing system (calculated on the basis of assumed SMUD ownership and operation during such period but otherwise on the basis of actual gross revenues of such existing system at the rates actually charged therefor) for the preceding twelve months may be added to the actual Net Revenues of the Electric System for the twelve months elected for said computation and treated as if actually received by the Electric System during those twelve months; and

(e) Revenue bonds junior and subordinate to the Parity Bonds.

### **Additional Covenants**

The Senior Bond Resolution contains the following additional covenants, among others:

(a) SMUD will cause the Electric System to be maintained in good repair, working order and condition at all times, and will continuously operate the Electric System in an efficient and economical manner, and so that all lawful orders of any governmental agency or authority having jurisdiction in the premises shall be complied with, but SMUD shall not be required to comply with any such orders so long as the validity or application thereof shall be contested in good faith.

SMUD further covenants and agrees that it will at all times, while any of the Bonds are outstanding maintain and comply with all necessary permits and licenses issued by the Atomic Energy Commission.



(b) None of the electric energy owned, controlled or supplied by SMUD shall be furnished or supplied free, but on the contrary shall always be sold or furnished so as to produce Revenues.

If SMUD shall sell water developed or made available by the Electric System, a reasonable charge therefor shall be made and the revenue received by SMUD therefrom shall be Revenues and accounted for as such, except that SMUD may furnish water developed or impounded by the Electric System for any purpose (other than the use of such water for hydroelectric purposes) without charge as SMUD in its discretion deems advisable if such water is so furnished without any distribution cost to SMUD. SMUD may sell any water for consumption for domestic or other purposes (exclusive of the use thereof for hydroelectric purposes), but SMUD shall charge itself a reasonable wholesale rate for any water sold by SMUD. SMUD also may sell water at wholesale to any other person, for distribution by such other person for domestic or other purposes (except use for hydroelectric purposes), and SMUD shall likewise charge a reasonable wholesale rate to any such other person. In each case, all such wholesale rates shall be included in Revenues. The revenue received by SMUD from any retail sale of water distributed by SMUD shall not be deemed Revenues, but shall be available to SMUD for any SMUD purpose.

(c) That all taxes and governmental charges and other lawful claims which might become a lien on the Electric System or the Revenues or impair the security of the Senior Bonds will be paid and discharged when due.

(d) SMUD will not sell or otherwise dispose of any property essential to the proper operation of the Electric System or to the maintenance of the Revenues. SMUD will not enter into any lease or agreement which impairs or impedes the operation of the Electric System or which otherwise impairs or impedes the rights of the Bondholders with respect to Revenues. Nothing contained in the Senior Bond Resolution shall prevent SMUD from entering into sale and leaseback agreements pursuant to which SMUD may acquire the use of property subject to the terms of such sale and leaseback agreements.

(e) That insurance adequate in amounts and as to risks covered will be maintained against such risks as are usually insurable in connection with similar electric systems, and in addition public liability and property damage insurance in amounts not less than \$1,000,000 per accident and adequate fidelity bonds on all officers and employees of SMUD handling or responsible for SMUD funds, subject in each case to the condition that such insurance is obtainable at reasonable rates and upon reasonable terms and conditions. See "Insurance" for a description of SMUD's insurance.

(f) That the net proceeds realized by SMUD in the event all or any part of the Electric System is taken by eminent domain proceedings will be applied to the redemption or retirement of all Parity Bonds if sufficient therefor, and, if not, then pro rata to the redemption or retirement of Parity Bonds or to new facilities if the additional Revenues to be derived therefrom will sufficiently offset the loss of Revenues resulting from such eminent domain so that the ability of SMUD to meet its obligations will not be substantially impaired.

(g) That SMUD will at all times use its best efforts to maintain the powers, functions and duties now reposed in it pursuant to law.

(h) That SMUD will establish and at all times maintain and collect rates and charges for the sale or use of its electric energy sufficient to permit SMUD to purchase power or issue and sell Parity Bonds to finance additions, betterments, extensions and improvements to the Electric System as may be reasonably necessary to satisfy its then projected electric demand upon its Electric System, and that unless the Board determines that SMUD will be able to satisfy such demand through the purchase of electric energy, SMUD will proceed with all reasonable diligence to issue and sell such Parity Bonds.



## **Tax Covenants**

SMUD agrees in the Senior Bond Resolution not to take any action which would result in interest on the Senior Bonds not being excluded from gross income for federal income tax purposes. SMUD also agrees to establish a separate Rebate Fund for the Senior Bonds and to deposit therein such amounts as are necessary to make the required rebate payments to the United States Government under the Internal Revenue Code of 1986. Such deposits will be made from any Revenues legally available to SMUD after payment of maintenance and operation costs and Energy Payments, principal of and interest on the Parity Bonds and any other obligations secured by the Revenues. Amounts in the Rebate Fund, and any earnings thereon, shall be paid to the United States Government as provided in the Tax Certificate.

## **Amendment of the Senior Bond Resolution**

The Senior Bond Resolution and the rights and obligations of SMUD and of the Holders of the Senior Bonds may be modified or amended at any time pursuant to the affirmative vote at a meeting of Bondholders, or with the written consent without a meeting, of the Holders of 60 percent in aggregate principal amount of the Senior Bonds then outstanding, provided that no such modification or amendment shall (i) extend the fixed maturity of any Senior Bond, or reduce the principal amount thereof, or reduce the rate or extend the time of payment of interest thereon or reduce any premium payable upon the redemption thereof, without the consent of the Holder of each Senior Bond so affected, or (ii) reduce the aforesaid percentage of Senior Bonds required for consent to an amendment or modification, without the consent of the Holders of all the Senior Bonds then outstanding. Modifications or amendments may be made, without the consent of any Bondholders, to add covenants of SMUD or to surrender rights reserved by SMUD in the Senior Bond Resolution, to cure ambiguities or defective or inconsistent provisions or in regard to questions arising under the Senior Bond Resolution without adversely affecting the interests of the Bondholders, or to provide for the issuance of a Series of Senior Bonds, subject to the provisions contained in the Senior Bond Resolution with respect thereto.

## **Events of Default and Remedies of Bondholders**

The Senior Bond Resolution declares each of the following to be an event of default:

- (a) Failure to pay the principal of and premium on any Senior Bond when due and payable;
- (b) Failure to pay any installment of interest on any Senior Bond when due and payable, if such default continues for a period of 30 days;
- (c) Default by SMUD in the observance of any of the covenants, agreements or conditions on its part in the Senior Bond Resolution or in the Senior Bonds, if such default continues for a period of 60 days after written notice thereof (specifying such default and requiring the same to be remedied) has been given to SMUD by the Trustee, or to SMUD and the Trustee by the Holders of not less than 25 percent in aggregate principal amount of the Senior Bonds at the time outstanding; and
- (d) If, under the provisions of any law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of SMUD or of the whole or any substantial part of its property, and such custody or control shall not be terminated or stayed within 60 days.

In the event of default, the Trustee or the Holders of not less than a majority in aggregate principal amount of the outstanding Senior Bonds may, upon written notice to SMUD, declare the principal of all outstanding Senior Bonds, and the interest accrued thereon, to be due and payable immediately. The Trustee is appointed as trustee to represent Bondholders and may take such action as may seem appropriate to it,



and, upon the written request of the Holders of 25 percent in aggregate principal amount of the outstanding Senior Bonds, and upon being furnished with indemnity satisfactory to it, will take such action on behalf of Bondholders as is specified in such written request. Each Bondholder is entitled to proceed to protect and enforce the rights vested in such Holder by the Senior Bond Resolution by such appropriate judicial proceedings as such Holder deems most effectual.

The rights of Bondholders are limited and restricted to the use and application of Revenues as provided in the Senior Bond Resolution and do not extend to the levy of any attachment or execution upon or forfeiture of any of the properties of SMUD or to any moneys derived by SMUD from the levy or collection of taxes.

In addition to the limitations on remedies contained in the Senior Bond Resolution, the rights and remedies provided by the Senior Bonds and the Senior Bond Resolution, as well as the enforcement by SMUD of contracts with customers of the Electric System, may be limited by and are subject to bankruptcy, insolvency, reorganization and other laws affecting the enforcement of creditors' rights.

### **Discharge of Senior Bond Resolution**

The Senior Bond Resolution may be discharged by depositing with the Trustee in trust, moneys or Federal Securities or general obligation bonds of the State of California, in such amount as the Trustee shall determine will, together with the interest to accrue thereon, be fully sufficient to pay and discharge the indebtedness on all Senior Bonds at or before their respective maturity dates.



## APPENDIX F

### PROPOSED FORM OF LEGAL OPINION FOR 2025E SUBORDINATED BONDS

[Closing Date]

Sacramento Municipal Utility District  
Sacramento, California

Sacramento Municipal Utility District  
Subordinated Electric Revenue Bonds, 2025 Series E  
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Sacramento Municipal Utility District (“SMUD”) in connection with the issuance of \$\_\_\_\_\_ aggregate principal amount of Sacramento Municipal Utility District Subordinated Electric Revenue Bonds, 2025 Series E (the “2025E Subordinated Bonds”), issued pursuant to Resolution No. 85-11-1 of the Board of Directors of SMUD, adopted November 7, 1985, as amended and restated pursuant to Resolution No. 01-06-10, adopted June 21, 2001 (the “Subordinate Master Resolution”), as supplemented and amended by later resolutions of said Board of Directors (as so supplemented and amended, the “Resolution”), including Resolution No. 25-05-[ ], adopted May 15, 2025 (the “Eighteenth Supplemental Resolution”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolution.

In such connection, we have reviewed the Resolution; the Tax Certificate, dated the date hereof (the “Tax Certificate”), executed by SMUD; opinions of counsel to SMUD and the Trustee; certificates of SMUD, the Trustee and others; and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the 2025E Subordinated Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the 2025E Subordinated Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the 2025E Subordinated Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery of each such document by each party thereto other than SMUD and that each such document constitutes a valid and binding agreement of such party. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the 2025E Subordinated Bonds to be included in gross income for federal income tax purposes.



We call attention to the fact that the rights and obligations under the 2025E Subordinated Bonds, the Resolution and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities such as SMUD in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the property described in or as subject to the lien of the Resolution or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement, dated June \_\_, 2025, or other offering material relating to the 2025E Subordinated Bonds and express no view with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The 2025E Subordinated Bonds constitute the valid and binding limited obligations of SMUD.
2. The Resolution, including the Eighteenth Supplemental Resolution, has been duly adopted by, and constitutes the valid and binding obligation of, SMUD. The Resolution creates a valid pledge, to secure the payment of the principal of and interest on the 2025E Subordinated Bonds, of the Net Subordinated Revenues, subject to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution.
3. Interest on the 2025E Subordinated Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Interest on the 2025E Subordinated Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. We observe that interest on the 2025E Subordinated Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the 2025E Subordinated Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per



## APPENDIX G

### FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is executed and delivered by the Sacramento Municipal Utility District (the “Issuer”) and U.S. Bank Trust Company, National Association in its capacity as Dissemination Agent (the “Dissemination Agent”) in connection with the issuance of \$\_\_\_\_\_ aggregate principal amount of the Issuer’s Subordinated Electric Revenue Bonds, 2025 Series E (the “2025E Subordinated Bonds”). The 2025E Subordinated Bonds are being issued pursuant to the Issuer’s Resolution No. 85-11-1, adopted on November 7, 1985, as amended and restated by Resolution No. 01-06-10 (the “Subordinate Master Resolution”), as supplemented by supplemental resolutions, including Resolution No. 25-05-[ ], adopted on May 15, 2025 (the “Eighteenth Supplemental Resolution”). The Subordinate Master Resolution and all supplemental resolutions, including the Eighteenth Supplemental Resolution, are collectively referred to herein as the “Subordinate Resolution.” Pursuant to Section 110.11 of the Subordinate Resolution, the Issuer and the Dissemination Agent covenant and agree as follows:

**SECTION 1. Purpose of the Disclosure Agreement.** This Disclosure Agreement is being executed and delivered by the Issuer and the Dissemination Agent for the benefit of the Holders and Beneficial Owners of the 2025E Subordinated Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

**SECTION 2. Definitions.** In addition to the definitions set forth in the Subordinate Resolution, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any 2025E Subordinated Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

“Disclosure Representative” shall mean the Treasurer of the Issuer or his or her designee, or such other officer or employee as the Issuer shall designate in writing to the Trustee from time to time.

“Dissemination Agent” shall mean U.S. Bank Trust Company, National Association, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee a written acceptance of such designation.

“EMMA” shall mean the MSRB’s Electronic Municipal Market Access system.

“Financial Obligation” shall mean, for purposes of the Listed Events set out in Section 5(a)(15) and Section 5(a)(16), a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.



“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Participating Underwriter” shall mean any of the original underwriters of the 2025E Subordinated Bonds required to comply with the Rule in connection with offering of the 2025E Subordinated Bonds.

“Repository” shall mean the MSRB through EMMA or any other entity or system designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of California.

### **SECTION 3. Provision of Annual Reports.**

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than one hundred eighty (180) days after the end of the Issuer’s fiscal year (presently December 31), commencing with the report for the 2025 Fiscal Year, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the fiscal year changes for the Issuer, the Issuer shall give notice of such change in the same manner as for a Listed Event under Section 5 hereof.

(b) Not later than fifteen (15) Business Days prior to the dates specified in subsection (a) for providing the Annual Report to each Repository, the Issuer shall provide its respective Annual Report to the Dissemination Agent. If by such date, the Dissemination Agent has not received a copy of the Annual Report from the Issuer, the Dissemination Agent shall contact the Issuer to determine if the Issuer is in compliance with the first sentence of this subsection (b).

(c) If the Dissemination Agent is unable to verify that an Annual Report of the Issuer has been provided to each Repository by the date required in subsection (a), the Dissemination Agent shall send a notice to each Repository and the MSRB (if the MSRB is not a Repository) in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(1) determine each year prior to the date for providing the Annual Report the name and address of each Repository and then-applicable rules and procedures for filing the Annual Report with each Repository, if any; and

(2) file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing each Repository to which it was provided.



#### **SECTION 4. Content of Annual Reports.**

(a) The Issuer's Annual Report shall contain or include by reference the following:

(1) The audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board and where not in conflict with the Financial Accounting Standards Board ("FASB") pronouncements or accounting principles prescribed by FASB. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(2) An update of the following types of information contained in Appendix A to the official statement, dated June \_\_, 2025 and related to the 2025E Subordinated Bonds:

(i) The table entitled "Power Supply Resources."

(ii) The table entitled "Projected Requirements and Resources to Meet Load Requirements."

(iii) The table entitled "Average Class Rates" (to the extent such table relates to rates and revenues of the Issuer).

(iv) The table entitled "Selected Operating Data."

(v) The table entitled "Unconsolidated Financial Data."

(vi) The balance in the Decommissioning Trust Fund, the current estimate of decommissioning costs, the decommissioning costs to date, and the annual contribution level to the Decommissioning Trust Fund, all relating to the Rancho Seco Nuclear Power Plant.

(vii) The table entitled "Estimated Capital Requirements."

(b) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or public entities related thereto, which have been submitted to each Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

#### **SECTION 5. Reporting of Listed Events.**

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the 2025E Subordinated Bonds not later than ten (10) business days after the occurrence of the event:

(1) principal and interest payment delinquencies;

(2) non-payment related defaults, if material;



- (3) unscheduled draws on any applicable debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancement reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the 2025E Subordinated Bonds or other material events adversely affecting the tax status of the 2025E Subordinated Bonds;
- (7) modifications to rights of Bondholders, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the 2025E Subordinated Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Issuer;
- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of the Trustee, if material;
- (15) incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect Bondholders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

(b) For the purpose of the event identified in Section 5(a)(12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.



(c) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall as soon as possible determine if such event is required to be reported pursuant to this Section 5.

(d) If the Issuer has determined that such event is required to be reported pursuant to this Section 5, the Issuer shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (g).

(e) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB (if the MSRB is not a Repository) and each Repository.

**SECTION 6. Termination of Reporting Obligation.** The obligations of the Issuer and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 2025E Subordinated Bonds. If such termination occurs prior to the final maturity of the 2025E Subordinated Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5.

#### **SECTION 7. Dissemination Agent; Filings.**

(a) The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. The initial Dissemination Agent shall be U.S. Bank Trust Company, National Association.

(b) Unless and until one or more different or additional Repositories are designated or authorized by the Securities and Exchange Commission, all filings with a Repository which are required by this Disclosure Agreement shall be filed with the MSRB through EMMA and shall be in an electronic format and accompanied by such identifying information as prescribed by the MSRB in accordance with the Rule.

**SECTION 8. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Dissemination Agent may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the 2025E Subordinated Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the 2025E Subordinated Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (1) is approved by the Holders of 60% of the 2025E Subordinated Bonds, or (2) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the 2025E Subordinated Bonds.



In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in its next respective Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles from those described in Section 4(a)(1), on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (1) notice of such change shall be given in the same manner as for a Listed Event under Section 5, and (2) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

**SECTION 9. Additional Information.** Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**SECTION 10. Default.** In the event of a failure of the Issuer or the Trustee to comply with any provision of this Disclosure Agreement, the Trustee shall, at the request of any Participating Underwriter or the Holders of at least 25% aggregate principal amount of Outstanding Bonds and upon being indemnified to its satisfaction from and against any costs, liability, expenses and fees of the Trustee, including, without limitation, fees and expenses of its attorneys, or any Holder or Beneficial Owner of the 2025E Subordinated Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Subordinate Resolution, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

**SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent.** The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement and no implied duties for obligation shall be read into this Disclosure Agreement against the Dissemination Agent. The Dissemination Agent has no power to enforce nonperformance on the part of the Issuer. The Dissemination Agent shall be paid compensation by the Issuer for its services provided hereunder in accordance with its schedule of fees provided to the Issuer and all expenses, legal fees and costs of the Dissemination Agent made or incurred by the Dissemination Agent in the performance of its duties hereunder. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the 2025E Subordinated Bonds.



**SECTION 12. Notices.** Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the Issuer:	Sacramento Municipal Utility District 6201 S Street, MS B405 Sacramento, California 95817 Attention: Treasurer Telephone: (916) 732-5605 Fax: (916) 732-5835
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To the Dissemination Agent:	U.S. Bank Trust Company, National Association Global Corporate Trust One California Street, Suite 1000 San Francisco, California 94111 Telephone: (415) 677-3699 Fax: (415) 677-3769
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To the Trustee:	U.S. Bank Trust Company, National Association Global Corporate Trust One California Street, Suite 1000 San Francisco, California 94111 Telephone: (415) 677-3699 Fax: (415) 677-3769
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The Issuer, the Dissemination Agent and the Trustee may, by giving written notice hereunder to the other person listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent. Unless specifically otherwise required by the context of this Disclosure Agreement, a party may give notice by any form of electronic transmission capable of producing a written record. Each such party shall file with the Trustee and Dissemination Agent information appropriate to receiving such form of electronic transmission.

**SECTION 13. Beneficiaries.** This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the 2025E Subordinated Bonds, and shall create no rights in any other person or entity.



**SECTION 14. Counterparts.** This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Dated: June \_\_, 2025.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By \_\_\_\_\_  
Treasurer

U.S. BANK TRUST COMPANY, NATIONAL  
ASSOCIATION,  
as Dissemination Agent

By \_\_\_\_\_  
Authorized Officer

ACKNOWLEDGED:

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee

By: \_\_\_\_\_  
Authorized Officer



**EXHIBIT A**

**NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Sacramento Municipal Utility District

Name of Bond Issue: Subordinated Electric Revenue Bonds, 2025 Series E

Name of Borrower: Sacramento Municipal Utility District

Date of Issuance: June \_\_, 2025

NOTICE IS HEREBY GIVEN that the Sacramento Municipal Utility District (the "Issuer") has not provided an Annual Report with respect to the above-named Bonds as required by Section 110.11 of Resolution No. 25-05-[], adopted May 15, 2025, by the Issuer. [The Issuer anticipates that the Annual Report will be filed by \_\_\_\_\_.]

Dated: \_\_\_\_\_

U.S. BANK TRUST COMPANY, NATIONAL  
ASSOCIATION,  
on behalf of Sacramento Municipal Utility District

\_\_\_\_\_

cc: Sacramento Municipal Utility District



**APPENDIX A**

**INFORMATION REGARDING  
SACRAMENTO MUNICIPAL UTILITY DISTRICT**



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**SACRAMENTO MUNICIPAL UTILITY DISTRICT**  
*Sacramento, California*

**BOARD OF DIRECTORS**

Gregg Fishman, President  
Dave Tamayo, Vice President  
Brandon Rose  
Nancy Bui-Thompson  
Rosanna Herber  
Rob Kerth  
Heidi Sanborn

**OFFICERS AND EXECUTIVES**

Paul Lau, Chief Executive Officer and General Manager  
Frankie McDermott, Chief Operating Officer  
Scott Martin, Chief Financial Officer  
Brandy Bolden, Chief Customer Officer  
Suresh Kotha, Chief Information Officer  
Jose Bodipo-Memba, Chief Diversity Officer  
Laura Lewis, Chief Legal and Government Affairs Officer and General Counsel  
Lora Anguay, Chief Zero Carbon Officer  
Farres Everly, Chief Marketing & Communications Officer  
Jennifer Restivo, Treasurer  
Lisa Limcaco, Controller



## INTRODUCTION

### General

The Sacramento Municipal Utility District (“SMUD”) owns and operates an electric system that has provided retail electric service since 1946. SMUD’s current service area is approximately 900 square miles, and includes the principal parts of Sacramento County and small portions of Placer and Yolo counties. See “THE SERVICE AREA AND ELECTRIC SYSTEM – The Service Area.”

### Independent Governance

SMUD is an independently run community-owned organization. SMUD is not required by law to transfer any portion of its collections from customers to any local government.

SMUD is governed by a Board of Directors (the “Board”), which consists of seven directors elected by ward for staggered four-year terms. The Board determines policy and appoints the Chief Executive Officer and General Manager, who is responsible for SMUD’s overall management and day-to-day operations. The Chief Executive Officer and General Manager is responsible for the hiring and removal of all employees, other than the Chief Legal and Government Affairs Officer and General Counsel, the Internal Auditor and the Special Assistant to the Board, who are hired and may be removed only by the Board. The employment status of nearly all SMUD employees is governed by a civil service system administered by the Chief Executive Officer and General Manager.

The Board elects its President and Vice President annually to take office in January. The current members of the Board are as follows:

Name	Occupation	Ward	Term Expires
Brandon Rose.....	Air Pollution Specialist, California Environmental Protection Agency	Ward 1	December 31, 2028
Nancy Bui-Thompson.....	Chief Information Officer, Wellspace Health	Ward 2	December 31, 2028
Gregg Fishman, President.....	Sr. Community Relations Officer at Sacramento Regional Transit District	Ward 3	December 31, 2026
Rosanna Herber .....	Retired Community Engagement Manager	Ward 4	December 31, 2026
Rob Kerth .....	Business Owner	Ward 5	December 31, 2028
Dave Tamayo, Vice-President .....	Retired Environmental Specialist	Ward 6	December 31, 2026
Heidi Sanborn .....	Executive Director, National Stewardship Action Council	Ward 7	December 31, 2026

SMUD’s senior management consists of the following executives:

**Chief Executive Officer & General Manager.** Paul Lau was named Chief Executive Officer and General Manager (“CEO & GM”) of SMUD in October 2020. He reports to the SMUD Board of Directors. As CEO & GM, he leads the sixth largest community-owned electric utility in the nation, serving a population of approximately 1.5 million residents and managing a \$2.3 billion budget. Mr. Lau previously served as SMUD’s Chief Grid Strategy & Operations Officer and has held several other executive leadership positions during his 43-year career at SMUD. He serves on several national and local boards, including the Large Public Power Council, California Municipal Utilities Association, American Public Power Association, Business Council for Sustainable Energy, Electric Power Research Institute, Smart



Electric Power Alliance, the California Mobility Center, Greater Sacramento Economic Council, Valley Vision and as a Commissioner of the Balancing Authority of Northern California (“BANC”). A registered professional electrical engineer in the State of California (the “State”), Mr. Lau received his bachelor’s degree in electrical power engineering from California State University, Sacramento.

**Chief Customer Officer.** Brandy Bolden reports to the CEO & GM and oversees SMUD’s Customer and Community Services business unit. She is responsible for customer experience delivery across SMUD’s residential and commercial customer segments. She provides leadership and oversight of customer operations including customer care and revenue management, business intelligence, strategic account management, customer experience and segmentation strategy, channel management, and special assistance initiatives. She is also responsible for commercial development, business attraction and retention and oversees Community Energy Services, which provides services and support for community choice aggregators. Since joining SMUD in 2003, Ms. Bolden has demonstrated strong leadership and held a variety of senior leadership roles, including leading the Customer & Community Services project management office and the dual role of director of Customer Care and Revenue Operations. Ms. Bolden led the team responsible for implementing time-of-day rates, streamlining the meter-to-cash processes, delivering key billing and payment experience enhancements and recognizing operational efficiencies that resulted in sustained annual savings for SMUD. Ms. Bolden holds a Bachelor of Arts in Sociology from University of California, Davis.

**Chief Information Officer.** Suresh Kotha reports to the CEO & GM and is responsible for SMUD’s information technology functions including strategy and governance, infrastructure platform services, customer and grid technology center, enterprise solutions engineering, emerging technologies and cybersecurity. More recently, Mr. Kotha has been leading many technology efforts that are integral to developing a grid of the future that will help SMUD achieve its zero-carbon goal, including its Advanced Distribution Management System, the software platform that supports the full suite of distribution management and optimization, and next-generation network upgrades. Mr. Kotha joined SMUD in 2002 as a principal technical developer, with responsibility for designing and leading implementation and upgrades of multiple technology systems, including the SAP software platform and SMUD’s meter-to-cash systems. He holds a Master of Technology in Computer Science from Jawaharlal Nehru Technology University and a Bachelor of Engineering in Electronics & Communications Engineering from Gulbarga University.

**Chief Diversity Officer.** Jose Bodipo-Memba reports to the CEO & GM and is responsible for company-wide programs such as human resources, workforce development, diversity and inclusion, and sustainable communities. The focus of his business areas is to advocate diversity, inspire an inclusive culture based on trust and respect, and to create belonging and connection among SMUD’s employees, customers and communities, which ultimately results in positive, equitable outcomes for all. Mr. Bodipo-Memba joined SMUD in 2010 as an environmental specialist and became manager of Environmental Services in 2016. He most recently served as SMUD’s first director of Sustainable Communities. Mr. Bodipo-Memba holds a Bachelor of Arts degree in history from University of California, Berkley and Masters of Business Administration from Drexel University.

**Chief Legal & Government Affairs Officer and General Counsel.** Laura Lewis was named general counsel for SMUD in April 2014. In this position she serves as chief lawyer and manages SMUD’s legal office and its staff. She operates as a strategic resource for SMUD’s elected Board, the CEO & GM, and the executive management team regarding development of SMUD policies, strategies, programs and initiatives. She also serves as the secretary to SMUD’s Board. She reports to the Board and to the CEO & GM and has responsibility for all SMUD legal matters, including litigation, contested regulatory agency proceedings, settlement discussions and claims management. Ms. Lewis also oversees SMUD’s government affairs and reliability compliance department. In this capacity, she is responsible for management and coordination of all legislative matters and regulatory requirements affecting SMUD at the



state and federal level, including the FERC-NERC electric reliability standards. Ms. Lewis is also responsible for Procurement, Warehouse & Fleet and Energy Trading & Contracts. Ms. Lewis joined SMUD in 1997 as a staff attorney, serving in that capacity through 1999, after which she moved to the San Francisco law firm Davis Wright Tremaine. In 2002, she returned to SMUD as a senior attorney. In 2010, she became assistant general counsel and in 2013 was appointed chief assistant general counsel. She holds a juris doctorate from McGeorge School of Law, where she won membership in the Order of the Coif honor society. She holds a bachelor's degree in political science from the University of California, San Diego and is a member of the American Bar Association, the Energy Bar Association, and the State Bar of California.

***Chief Operating Officer.*** Frankie McDermott reports to the CEO & GM and is responsible for providing strategic leadership and tactical oversight of safety, reliability and operations of SMUD's transmission and distribution systems, delivery of energy to customers and construction and maintenance of SMUD's grid. This position has primary responsibility for the processes and functions related to system reliability and operations across SMUD. The Chief Operating Officer is also the safety leader for the enterprise, leader of operational efficiency and responsible for all non-technical capital investments. Prior to this role, Mr. McDermott served as Chief Energy Delivery Officer and Chief Customer Officer, responsible for SMUD's overall retail strategy. From 2010 to 2014, he served as Customer Services director, which included managing relationships with customer segments as SMUD moved forward with smart-grid technologies. Prior to that, he served as manager of enterprise performance and held positions in supply chain and in general services. Before joining SMUD in 2003, Mr. McDermott served in management roles in the semiconductor industry at NEC Electronics in Roseville, California and in Ireland. After engineering school in Ireland, he earned a Master of Business Administration from Golden Gate University and completed the Advanced Management Program at the Haas School of Business at the University of California Berkeley.

***Chief Zero Carbon Officer.*** Lora Anguay reports to the CEO & GM and is responsible for leadership oversight of SMUD's Energy Supply which includes SMUD's Power Generation Assets, Distributed Energy Solutions, Resource Planning & Market Planning and Settlements, Research & Development ("R&D") and Grant Partnerships. This role is also responsible for the delivery of SMUD's plan to provide 100% carbon free energy resources by 2030. This includes obtaining new grants and partnerships, overseeing research and development, designing distributed energy resource programs, enabling processes to settle distributed energy transactions with SMUD's customers and transitioning SMUD's power generation assets and energy contracts to zero carbon resources. Prior to assuming this role, Ms. Anguay was the director of Distribution Operations & Maintenance and was responsible for the day-to-day operations of SMUD's electric distribution grid. Before that she was an engineering designer, process control supervisor, project manager for smart meter deployment, a senior project manager for smart grid distribution automation and supervisor in Grid Assets. Before SMUD, she worked for Oracle Corporation as a finance manager and is a veteran who served in the United States Coast Guard. Ms. Anguay joined SMUD in 2004 and holds a Bachelor of Science degree in Business Administration from California State University, Sacramento.

***Chief Financial Officer.*** Scott Martin reports to the CEO & GM and is responsible for SMUD's Finance & Strategy functions, which includes Planning & Revenue Strategy, Treasury & Commodity Risk Management, Accounting, Payroll, Enterprise Strategy & Risk and Enterprise Prioritization & Performance. He is also responsible for setting financial and organization wide strategy and ensuring SMUD maintains strong financial health. Additionally, he leads the teams responsible for setting enterprise wide strategies to achieve SMUD's ambitious goal of eliminating carbon emissions by 2030, while maintaining reliability and affordable rates. Mr. Martin is a seasoned executive with more than 30 years of experience. Prior to assuming his current role, Mr. Martin was SMUD's Chief Strategy Officer. Mr. Martin's previous experience also includes serving as SMUD's Customer Strategy Planning supervisor.



Mr. Martin joined SMUD in 1999 and holds a Bachelor of Arts degree in economics from the University of California, Berkeley and a Master of Arts degree in Economics from the University of Nevada, Las Vegas.

**Chief Marketing & Communications Officer.** Farres Everly reports to the CEO & GM and is responsible for all aspects of SMUD’s marketing, market research, corporate communications, website, graphic design, video services, data analytics, social media, community engagement, crisis communications, and public affairs activities. Mr. Everly led the creative development and execution of SMUD’s numerous award-winning marketing and outreach campaigns, including the Clean PowerCity campaign to launch SMUD’s 2030 Clean Energy Vision, the boldest decarbonization plan of any large utility in the United States, and the transition to time-based rates for all SMUD customers. He developed the community engagement and communications strategies that resulted in SMUD being ranked number one in California in J.D. Power’s annual customer satisfaction surveys and in SMUD becoming the first utility to receive J.D. Power’s Certified Sustainability Leader designation. Prior to joining SMUD, Mr. Everly held marketing and communications management roles at VSP and the Money Store. He holds a bachelor’s degree in journalism from California State University, Chico.

**Treasurer.** Jennifer Restivo reports to the CFO. She oversees all treasury operations, including debt and cash management, banking, financial planning and forecasting, property and casualty insurance, and is responsible for developing and implementing capital borrowing strategies, as well as pricing and load forecasting. Ms. Restivo also serves as treasurer for the Sacramento Municipal Utility District Financing Authority (“SFA”), the Northern California Gas Authority No. 1 (“NCGA”), the Northern California Energy Authority (“NCEA”), Transmission Agency of Northern California (“TANC”) and BANC. Before joining SMUD in 1999, Ms. Restivo worked in accounting roles at two manufacturing companies in Sacramento. Throughout her tenure at SMUD, she has taken on management positions in various departments, including Accounting, Planning, and Revenue Strategy, and currently serves in Treasury. Ms. Restivo earned her bachelor's degree in accounting from California State University, Sacramento, and holds an MBA from the University of Phoenix.

**Controller.** Lisa Limcaco reports to the CFO and is responsible for accounting and financial reporting at SMUD. Prior to her appointment as controller in 2020, Ms. Limcaco served as an assistant controller, manager of customer value, performance and projects, senior energy commodity specialist and as principal accountant for SMUD’s joint powers authorities. Ms. Limcaco also serves as controller for TANC, SFA, NCGA, NCEA and BANC. Before joining SMUD in 2010 as a senior accountant, Ms. Limcaco had 12-years’ experience as the Director of Accounting and controller for a food service provider in Sacramento and over 13-years’ experience in public accounting including audit manager at Price Waterhouse LLP. Ms. Limcaco holds a bachelor’s degree in accounting from the University of Hawaii, a Master of Business Administration from Sacramento State University and is a Certified Public Accountant in the State.

## **THE SERVICE AREA AND ELECTRIC SYSTEM**

### **The Service Area**

SMUD is the primary distributor of electric power within an area of approximately 900 square miles in central California. The service area includes the State Capital, Sacramento, the populous areas principally to the northeast and south of the City of Sacramento (the “City” or “Sacramento”) and the agricultural areas to the north and south. The City is located 85 miles northeast of San Francisco.

SMUD’s electric system supplies power to a population of approximately 1.5 million with a total annual retail load of approximately 10,721 million kilowatt-hours (“kWh”) for the year ended December



31, 2024. As the capital of the nation's most populous state, Sacramento benefits from the historically stabilizing influence of a large government sector. Sacramento is home to the State government headquarters, the Sacramento County seat, the City government and various special districts that combine to make government the largest single employment sector in the Sacramento area. Information technology, transportation, education and health services, leisure and hospitality, and construction round out the other major sectors of employment and industry in the area.

SMUD's annual peak load has averaged 3,156 Megawatts ("MW") over the last three years, with SMUD's record peak load of 3,299 MW occurring on July 24, 2006. In 2022, SMUD recorded its second highest peak load of 3,263 MW. SMUD reviews its load forecast, at a minimum, on an annual basis.

## **The Electric System**

SMUD owns and operates an integrated electric system that includes generation, transmission and distribution facilities.

SMUD supplies power to its bulk power substations through a 230 kilovolt ("kV") and 115 kV transmission system. This system transmits power from SMUD's generation plants and interconnects with Pacific Gas & Electric ("PG&E") and the Western Area Power Administration ("WAPA"). Power is distributed throughout Sacramento County via a 69 kV sub-transmission system with the exception of the City's downtown area, which is served from the 115 kV transmission system. The downtown area is served from 115/12 kV and 115/21 kV substations. The distribution system serving the remainder of SMUD's service territory is comprised of 69/12 kV substations with overhead and underground 12 kV distribution circuits.

## **BUSINESS STRATEGY**

### **General**

SMUD's Board of Directors has established the following purpose and vision statements: "SMUD's purpose is to enhance the quality of life for our customers and community by providing reliable and affordable electricity, and leading the transition to a clean energy future." "SMUD's vision is to be a trusted and powerful partner in achieving an inclusive, zero carbon economy. SMUD will leverage its relationships to accelerate innovation, ensure energy affordability and reliability, protect the environment, eliminate greenhouse gas emissions, catalyze economic and workforce development, promote environmental justice, and enhance community vitality for all." The Board has adopted a set of Strategic Directions with related metrics, which it considers essential for the success of SMUD and for serving SMUD's customers. These include competitive rates, access to credit markets, reliability, customer relations, safety leadership, environmental leadership, employee relations, resource planning, innovation, public power business model, ethics, information management and security and enterprise risk management. Some of the general elements in SMUD's business strategy are:

- developing and maintaining a sustainable and reliable power supply to meet demand growth consistent with State mandates and the Board's directions for renewable energy and the reduction of carbon emissions to zero by 2030. See "BUSINESS STRATEGY – Sustainable Power Supply and Transmission – 2030 Zero Carbon Plan";
- working closely with customers to provide the information, tools and incentives to assist them to more efficiently manage energy use, which will contribute to meeting greenhouse gas ("GHG") emission targets and managing needle peak demand requirements (those 40 or so hours of the year with extreme temperatures when customer demand surges by up to 400 additional MW);



- managing price, volumetric and credit risks associated with energy and natural gas procurement;
- attracting, developing and retaining a diverse, skilled and engaged workforce that reflects SMUD's values and is committed to achieving SMUD's mission;
- retaining local decision making authority and operational independence; and
- collaborating regionally to attract new businesses and grow existing business to diversify and strengthen the Sacramento economy.

SMUD's long-range business strategy focuses in part on ensuring financial stability by establishing rates that provide an acceptable fixed charge coverage ratio on a consolidated basis, taking into consideration the impact of capital expenditures and other factors on cash flow. SMUD's Board policy sets a minimum fixed charge coverage ratio of 1.50 times for annual budgets, though SMUD generally plans to meet a minimum fixed charge coverage ratio of 1.70 times. Over the past ten years, the actual fixed charge coverage ratio has averaged 2.19 times on a consolidated basis. SMUD also manages its liquidity position by planning for a minimum of 150 days cash on hand and planning to maintain at least \$150 million of available capacity under its commercial paper and line of credit program. SMUD's commercial paper and line of credit program is currently authorized for \$500 million aggregate principal amount outstanding at any one time. As of [May \_\_, 2025], SMUD had \$[75] million aggregate principal amount of its commercial paper notes outstanding and \$[425] million of the authorized aggregate principal amount of its commercial paper and line of credit program available for use. SMUD uses cash on hand and commercial paper and a line of credit to fund capital expenditures, then issues debt to reimburse itself for cash expended for qualified capital expenditures and/or to pay down the outstanding principal amount of its commercial paper program and line of credit. Over the past ten years, the days cash on hand has averaged 211. The resolutions securing SMUD's Senior Bonds and Subordinated Bonds (each as defined under the caption "CAPITAL REQUIREMENTS AND OUTSTANDING INDEBTEDNESS" below) do not require SMUD to maintain a minimum fixed charge coverage ratio, minimum days cash on hand or minimum available capacity under its commercial paper program and line of credit.

In addition, SMUD's business strategy focuses on serving its customers in a progressive, forward-looking manner, addressing current regulatory and legislative issues and potential competitive forces.

### **Serving SMUD's Customers**

SMUD continually looks for ways to better serve and partner with its customers to further strengthen customer loyalty, while providing competitive and fair pricing for SMUD's electric services. SMUD also has a focused effort to assist and incentivize customers to manage energy use more efficiently, which will contribute to meeting GHG emission targets and managing peak demand requirements as noted below.

**Digital Enhancements.** Customers are increasingly turning to digital channels including SMUD's mobile application, SMUD.org, e-mail and social media to interact and do business with SMUD. SMUD has delivered many digital enhancements, including bill pay functionality; online payment arrangements; start/stop/transfer move service; view of energy usage, chat, an enhanced outage map including meter test functionality; and the SMUD Energy Store, which is an online marketplace for energy-related products. SMUD plans to continue efforts to provide more personalized digital customer experiences.

**Advanced Metering, Infrastructure and Rate Design.** As a community-owned organization, SMUD is dedicated to providing the tools and transparency in customer energy usage to enable customers to easily and positively affect energy usage, energy cost, and climate change. In 2012 SMUD installed smart technology, including 617,000 digital communicating smart meters, distribution automation systems



and equipment to facilitate load management. The advanced technology has allowed SMUD to deliver tools such as text and e-mail bill alerts and online energy usage comparison charts to help customers manage energy use. SMUD has leveraged smart grid investments to improve reliability, reduce losses, reduce power quality issues and improve customer service through better, more timely information.

**Renewable Options.** SMUD’s customers have been increasingly interested in distributed energy resources, mainly through the installation of solar systems. As of January 2025, approximately 58,963 of SMUD’s residential and commercial customers, approximately 8.7% of retail customers, had installed solar systems, representing approximately 390 MW of solar installations.

As the cost of energy storage continues to decline, SMUD anticipates an increase in behind-the-meter energy storage, mainly through the installation of battery storage systems. As of January 2025, approximately 2,094 of SMUD’s residential and commercial customers, approximately 0.3% of retail customers, had installed storage systems, representing approximately 14 MW of storage.

As another option for solar, SMUD’s SolarShares® pilot program (the “SolarShares Pilot”) was established as a cost-effective and convenient way for commercial customers to meet their energy needs from solar power. The SolarShares Pilot offered SMUD commercial customers the opportunity to receive solar power without upfront costs or equipment installation through 5-, 10- or 20-year purchase contracts. Customers that entered into purchase contracts under the SolarShares Pilot receive up to half of their power from a utility-scale solar system. SMUD supplies up to 148 MW of solar power to participants in the SolarShares Pilot either by building and maintaining utility-scale solar systems or by procuring solar power from third parties through power purchase agreements. The SolarShares Pilot generation was approximately 3.0% of retail sales in 2024. As of April 30, 2021, SMUD had completed the SolarShares Pilot and is not entering into new purchase contracts under the SolarShares Pilot.

The California Building Code requires certain newly constructed residential and commercial buildings to be powered by photovoltaic solar systems. A new building satisfies this requirement if it installs on-site solar or participates in an approved community solar or energy storage program. In response to this requirement SMUD obtained approval from the California Energy Commission (“CEC”) to administer its own community solar program, called Neighborhood SolarShares® (“Neighborhood SolarShares”) which was designed to be used by developers to satisfy the mandatory solar requirement. As of November of 2024, the Neighborhood SolarShares program is fully subscribed and not accepting new reservations. The Neighborhood SolarShares program generation was approximately [ ]% of retail sales in 2024.

SMUD also launched a Residential SolarShares program in 2024. This program is designed to appeal to low- and moderate-income customers that are currently participating in Greenergy (described below). The Residential SolarShares program allows Greenergy participants to save money each month by switching to Residential SolarShares. The program can accommodate up to 10 MW in subscriptions.

In addition to the SolarShares Pilot, Neighborhood SolarShares, and Residential SolarShares, SMUD has operated a voluntary green energy pricing program called Greenergy® (“Greenergy”) since 1997. The Greenergy program allows customers the opportunity to pay an additional amount per month to ensure that either all or part of their electricity comes from green or carbon free energy sources. In 2024, the program allocated Renewable Energy Credits (“RECs”) equivalent to approximately 4.2% of retail sales to its participating customers.

**Energy Efficiency.** To further assist customers in managing energy usage and reducing regional carbon emissions and air pollution, SMUD offers an extensive array of energy efficiency and building electrification programs and services including financial incentives, energy audits and education. In



addition, SMUD has partnered with local developers to incorporate energy efficiency and all-electric construction measures into new residential and commercial construction, which helps developers plan and design efficient, cost-effective and low- or zero-emission buildings. As part of SMUD's 2019 Integrated Resource Plan ("IRP"), SMUD set a goal for regional carbon emissions through transport and building electrification that aims to reduce carbon emissions in buildings and transport by 64% over the next 20 years. SMUD's focus on electrification is continued in the Zero Carbon Plan (defined and discussed below). SMUD was the first electric utility in the country to set its efficiency goals based on carbon reductions, allowing building electrification and energy efficiency to both count toward meeting SMUD's efficiency goals. This is a significant opportunity, as converting a typical home today to all-electric saves more than three times the carbon emissions compared to doing a major energy efficiency upgrade alone to the same building. See "POWER SUPPLY AND TRANSMISSION – Projected Resources."

### **Sustainable Power Supply and Transmission**

Maintaining a sustainable power supply entails focusing efforts on researching, promoting and implementing new renewable energy technologies and sources to meet SMUD's long-term commitment to reducing carbon emissions and providing a reliable energy supply. SMUD defines a sustainable power supply as one that reduces SMUD's GHG emissions to serve retail customer load to zero by 2030. See "*2030 Zero Carbon Plan*" below. SMUD is planning to achieve zero GHG emissions to serve retail customer load through investments in energy efficiency, clean distributed energy resources, Renewables Portfolio Standard ("RPS") eligible renewables, energy storage, large hydroelectric generation, clean renewable fuels, carbon capture and sequestration, and new technologies and business models. Additionally, SMUD plans to continue pursuing GHG emissions reductions through vehicle, building and equipment electrification. At the same time, SMUD's plans for maintaining a sustainable power supply include assuring the reliability of SMUD's electric system, minimizing environmental impacts on land, habitat, water and air quality, and maintaining competitive rates relative to other electricity providers in the State.

A number of bills affecting the electric utility industry have been enacted by the State Legislature. In general, these bills regulate GHG emissions and encourage greater investment in energy efficiency and sustainable generation alternatives, principally through more stringent RPS requirements. See "DEVELOPMENTS IN THE ENERGY MARKETS – State Legislation and Regulatory Proceedings" herein.

***2030 Zero Carbon Plan.*** In July 2020, the Board declared a climate emergency and adopted a resolution calling for SMUD to take significant and consequential actions to reduce its carbon footprint by 2030. On April 28, 2021, the Board approved SMUD's 2030 Zero Carbon Plan (the "Zero Carbon Plan"). The Zero Carbon Plan is a flexible roadmap for SMUD to eliminate carbon emissions from its electricity production by 2030 while maintaining reliable and affordable service. To achieve these goals the Zero Carbon Plan is focused on four main areas: natural gas generation repurposing, proven clean technologies, new technologies and business models and financial impacts and options. SMUD plans to develop a new IRP in 2027 and in the meantime revisits the Zero Carbon Plan annually.

The natural gas generation repurposing focus of the Zero Carbon Plan calls for exploring the replacement of two of SMUD's five Local Gas-Fired Plants (as defined herein) and the retooling of the other three Local Gas-Fired Plants. See "POWER SUPPLY AND TRANSMISSION – Power Generation Facilities – *Local Gas-Fired Plants*." Based on SMUD's studies to date, SMUD estimates that McClellan (as defined herein) and the Campbell Soup Project (as defined herein) can be replaced in the next several years depending on SMUD's success with replacement resources. Final decisions about the replacement of these two Local Gas-Fired Plants will be guided by reliability studies and the financial impacts of the various options. As part of the Zero Carbon Plan, SMUD is also exploring retooling options for the Carson Project (as defined herein) and the Procter & Gamble Project (as defined herein) to reduce utilization of



these two projects. SMUD is also investigating the use of alternative fuels like Renewable Natural Gas-biomethane (RNG-biomethane), hydrogen and other biofuels for the Carson Project, the Procter & Gamble Project, and the Cosumnes Power Plant (as defined herein). In addition, SMUD is investigating new technologies such as long duration energy storage and carbon capture and sequestration as other methods to green SMUD's energy supply. All final generator configurations are subject to reliability assessments.

The proven clean technologies focus of the Zero Carbon Plan calls for SMUD to procure approximately 1,100 to 1,500 MW of utility-scale solar photovoltaic ("PV") generating capacity, 700 to 1,100 MW of local utility-scale battery storage, 300 to 500 MW of wind generating capacity, and 100 to 220 MW of geothermal generating capacity. The Zero Carbon Plan also estimates that customer installation of approximately 500 to 750 MW of behind-the-meter solar PV generating capacity and approximately 50 to 250 MW of behind-the-meter battery storage will assist SMUD with achieving the Zero Carbon Plan goals.

With respect to new technologies and business models, the Zero Carbon Plan focuses on evaluating, prioritizing and scaling the emerging technologies that SMUD expects will have the largest impact on reducing carbon in SMUD's 2030 resource mix. SMUD is currently focused on various areas of technology and customer-focused programs, including electrification, education, demand flexibility, virtual power plants, vehicle-to-grid technology, and new grid-scale technologies. The Zero Carbon Plan forecasts that customer-owned devices and SMUD customer-focused programs will contribute between 360 and 1,300 MW of capacity to SMUD's grid by 2030.

The financial impacts and options focus of the Zero Carbon Plan aims to keep SMUD rate increases at or below the rate of inflation while achieving SMUD's goal of eliminating carbon emissions from its power supply by 2030. To pay for the expected costs of the Zero Carbon Plan and keep rate increases at or below the rate of inflation, the Zero Carbon Plan estimates the need for SMUD to realize between \$50 million and \$150 million of sustained annual savings. SMUD currently plans to achieve these sustained annual savings by exploring the implementation of operational savings strategies and pursuing partnership and grant opportunities. However, the availability, timing, and amount of federal or state grant funding is inherently uncertain and may be influenced by changes in federal policy or priorities. There can be no assurance that anticipated grant funding will materialize at levels assumed in the Zero Carbon Plan.

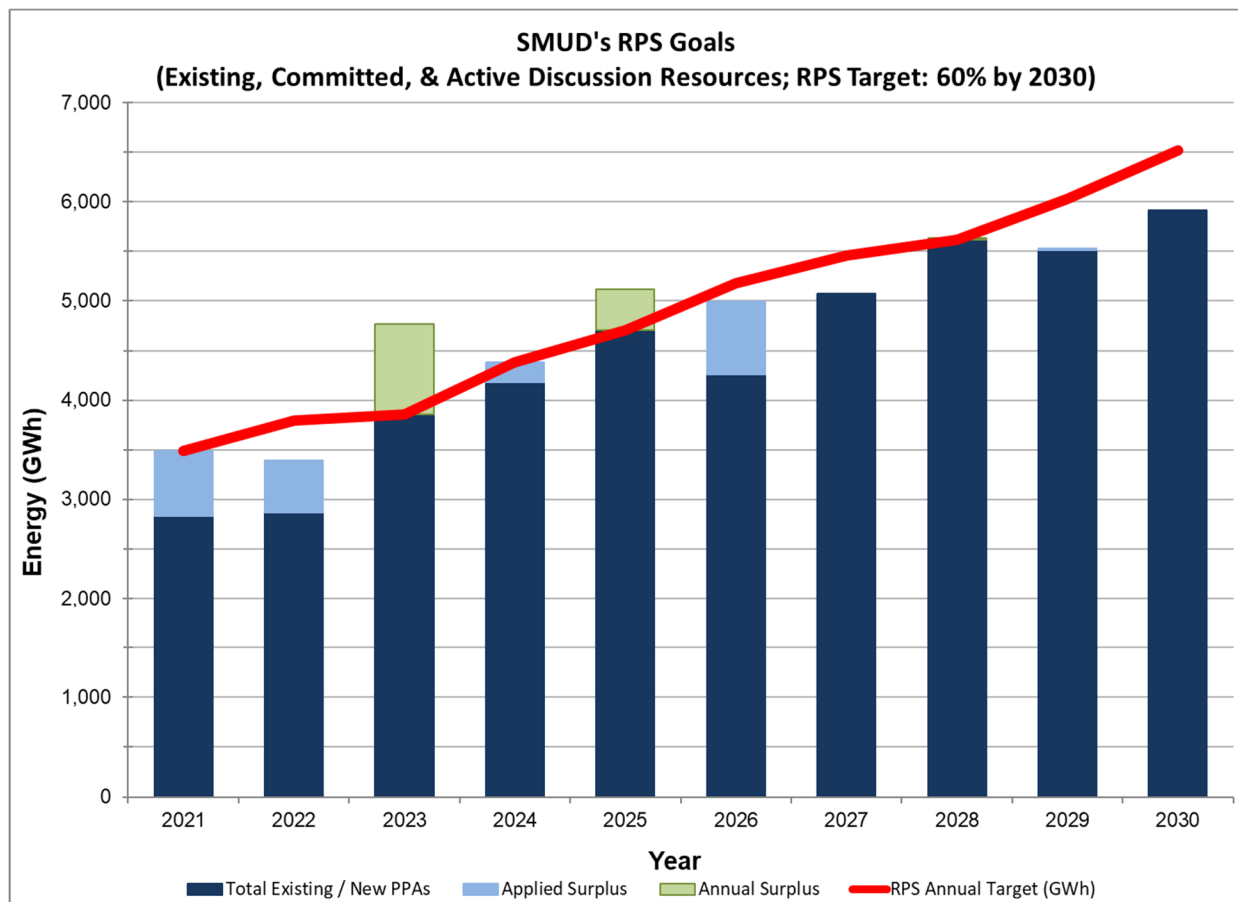
While the ultimate impacts of the Zero Carbon Plan on SMUD's financial results and operations are difficult to predict and are dependent on a variety of factors, such as the relative cost of procuring energy from clean technologies, the availability and relative cost of new technologies, and the adoption and implementation of energy efficiency and other measures by SMUD's customers, such impacts could be material.

***Renewable Energy and Climate Change.*** The California Renewable Energy Resources Act, established by Senate Bill X1-2 ("SBX1-2") and the Clean Energy and Pollution Reduction Act of 2015, enacted by Senate Bill 350 ("SB 350") require that SMUD meet 33% of its retail sales from RPS-eligible renewable resources by 2020 and 50% of its retail sales from RPS-eligible renewable resources by 2030. Senate Bill 100 ("SB 100"), passed by the legislature and approved by then-Governor Brown on September 10, 2018, accelerates the RPS targets and establishes a new 60% target by 2030. The bill also created a planning goal to meet all of the State's retail electricity supply with a mix of RPS-eligible and zero-carbon resources by December 31, 2045. See "DEVELOPMENTS IN THE ENERGY MARKETS – State Legislation and Regulatory Proceedings – *Renewables Portfolio Standards*" for a discussion of the State RPS requirements.

SMUD's compliance with State RPS requirements is evaluated over 3- or 4-year compliance periods. SMUD met the State RPS requirements for the first compliance period (2011-2013) and second



compliance period (2014-2016). The third compliance period (2017-2020) required SMUD to source one-third of its energy from renewable resources, and SMUD had sufficient RECs to meet the third compliance period requirements. SMUD filed its 2020 and third compliance period RPS compliance report with the CEC in the second quarter of 2021 and the CEC adopted SMUD's third compliance period verification report in December 2023. In January 2024, SMUD received the confirmation letter from the CEC indicating that SMUD was in full compliance with its third compliance period RPS obligations. As of the end of the third compliance period (2020), SMUD had approximately one million surplus RECs available to help meet future RPS targets. SMUD will file its 2024 RPS compliance report by July 1, 2025, showing that SMUD will have provided approximately 42% of its retail sales from RPS-eligible renewable resources in 2024. RPS compliance is determined by compliance period and not by individual years and SMUD has sufficient RECs procured and/or under contract resources in the fourth compliance period (2021-2024) to be in compliance with the RPS requirements. In addition to meeting RPS standards, SMUD serves an additional 8.1% of its customer load with renewable energy through its voluntary SolarShares and Greenergy pricing programs described above. SMUD estimates that it has sufficient renewable energy deliveries, new power supply contract commitments, new power supply commitments under active discussion, and RPS-eligible surplus carryover to meet its RPS requirements through 2025. Additional resources have been identified that are expected to provide sufficient RPS-eligible resources to cover most of SMUD's RPS requirements through 2030. Future solicitations may be needed to fill any remaining gaps. The following chart illustrates SMUD's current RPS requirements through 2030 and its existing and committed resources utilized to meet those requirements.





In addition to procuring new sources, meeting the RPS requirements will require replacement of certain existing renewable contracts which expire in future years. While SMUD anticipates it will meet much of its renewable resource requirements through purchase contracts with third parties, it continues to explore additional options, including wind, solar, biomass, and geothermal developments, partnering with other utilities on future projects, and local development options. SMUD's resource forecast (see "POWER SUPPLY AND TRANSMISSION – Projected Resources") accounts for future renewable resources as a component of "Uncommitted Purchases." To meet SMUD's Zero Carbon Plan goals, SMUD anticipates meeting loads in 2030 with approximately 70-80% renewable resources, in addition to hydro and other new zero carbon technologies. See "*– 2030 Zero Carbon Plan*" above.

Given the intermittent nature of power from renewable resources such as wind and solar, SMUD is exploring and investing in options that provide the flexibility to manage the intermittency of such renewable resources. Potential options include energy storage resources, which SMUD has committed to as part of the Zero Carbon Plan, and expanding load management resources. Additionally, on April 3, 2019, SMUD, through its membership in BANC, a joint exercise of powers agency formed in 2009, and currently comprised of SMUD, the Modesto Irrigation District ("MID"), the City of Roseville ("Roseville"), the City of Redding ("Redding"), the City of Shasta Lake and the Trinity Public Utilities District, commenced participation in the California Independent System Operator Corporation ("CAISO") western energy imbalance market ("WEIM"). Participation in the WEIM benefits SMUD by providing it with broader access to balancing resources within the region to help manage its expanding renewable portfolio. In addition, other entities within the BANC Balancing Authority Area began participation in the WEIM on March 25, 2021. See "BUSINESS STRATEGY – Sustainable Power Supply and Transmission – *Operational Independence and Local Control*" and "POWER SUPPLY AND TRANSMISSION – Balancing Authority Area Agreements."

In 2022, SMUD's Board formally adopted the 2030 Zero Carbon Plan as SMUD's updated IRP. SMUD filed the approved IRP update with the CEC on September 14, 2022, pursuant to the CEC's IRP guidelines, which called for updating SMUD's IRP filing within five years of SMUD's previous filing of April 29, 2019. SMUD's Zero Carbon Plan built upon the April 2019 IRP and set a goal of zero carbon emissions by 2030. On August 14, 2024, the CEC formally found that SMUD's IRP was complete and ordered that SMUD's IRP filing complies with requirements set forth in California Public Utilities Code section 9621. SMUD's next formal IRP process is expected to be completed and filed with the CEC no later than September 2027. See "BUSINESS STRATEGY – Sustainable Power Supply and Transmission – *2030 Zero Carbon Plan*."

The State's carbon cap-and-trade market established pursuant to Assembly Bill 32 ("AB 32") began in 2013. See "DEVELOPMENTS IN THE ENERGY MARKETS – State Legislation and Regulatory Proceedings – *Greenhouse Gas Emissions*" for a discussion of AB 32 and the State's cap-and-trade program. SMUD anticipates that allowances allocated to SMUD will nearly equal SMUD's compliance obligations under normal water year conditions. Under low water year conditions, SMUD may need to purchase additional allowances to cover its compliance obligations, including carbon obligations related to wholesale energy sales from SMUD's natural gas power plants. As SMUD implements its clean power goals, SMUD expects fewer allowances will be required to satisfy its compliance obligations. SMUD will nonetheless continue to seek free, long-term allocations of allowances from the California Air Resources Board to protect ratepayers from compliance costs and further support SMUD's decarbonization efforts.

There is scientific consensus that increasing concentrations of GHG have caused and will continue to cause a rise in temperatures in the State and around the world. The change in the earth's average atmospheric temperature, generally referred to as "climate change," is, among other things, expected to result in a wide range of changes in climate patterns, including increases in the frequency and severity of extreme weather events, including droughts and heat waves, more frequent incidences of wildfires, changes



in wind patterns, sea level rise and flooding, any of which alone or in combination could materially adversely affect SMUD's financial results or operations. See also "FACTORS AFFECTING THE REGION" and "OTHER FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY – Other Factors." As described above, SMUD is actively working to meet its sustainable power supply goals, reduce its own GHG emissions, and assist the local governments in the territory it serves with their desired GHG reductions. SMUD is a founding member and active participant in the Capital Region Climate Readiness Collaborative, a public private partnership formed to better understand and plan for climate impacts expected in the region. In order to better serve SMUD's community and improve SMUD's ability to mitigate and adapt to a changing climate, SMUD offers a wide range of residential and commercial decarbonization rebates and provides no-cost energy retrofit installations to income-eligible residential customers for both gas-to-electric conversions and electric-to-electric upgrades. Available project measures include electric heat pump water heaters, electric heat pump HVAC units, seal-and-insulate projects, and panel upgrades. SMUD has an Enterprise Risk Management ("ERM") program which leverages a formal risk governance structure and framework to identify, assess and prudently manage SMUD's risk environment. The enterprise risk portfolio includes climate change. SMUD regularly reviews scientific findings related to climate change and in 2016 published its Climate Readiness Assessment and Action Plan. In 2024, SMUD began a significant update to its Climate Readiness Assessment and Action Plan which will include a framework for prioritizing climate adaptation and resilience investments across the organization. This update is expected to conclude in 2025.

***Energy Storage Systems.*** Assembly Bill 2514 ("AB 2514") requires the Board to re-evaluate energy storage goals every three years. In compliance with AB 2514, the Board established a target of 9 MW of energy storage procurement by December 31, 2020, which SMUD has procured. See "DEVELOPMENTS IN THE ENERGY MARKETS – State Legislation and Regulatory Proceedings – *Energy Storage Systems*" for further discussion of AB 2514. In September 2020, the Board directed that energy storage forecasts be implemented through SMUD's IRP process going forward. See "BUSINESS STRATEGY – Sustainable Power Supply and Transmission – *Renewable Energy and Climate Change*" above for a discussion of SMUD's IRP. SMUD is also evaluating how to couple utility-scale solar with utility-scale storage to support future system reliability needs and renewable energy goals.

***Meeting Peak Load.*** A significant consideration for SMUD will be how it addresses its system peak load. SMUD has implemented programs and tools, such as advanced metering, energy efficiency options, and time-of-day ("TOD") rates for residential customers, to help customers manage their costs while helping SMUD reduce its peak load. Analysis of 2023 data showed a reduction of approximately 132 MW, weather adjusted, for residential customers during the TOD peak period (5-8 p.m. local time). SMUD staff will continue to monitor the progress and results of the implementation of TOD rates and will use this information to inform future rate actions and load forecasts.

On September 16, 2021, the Board approved an optional residential Critical Peak Pricing rate (the "Peak Pricing Rate"), which went into effect June 1, 2022. The Peak Pricing Rate is designed to reduce load by increasing the price of energy when the grid is most impacted, up to 50 hours per summer. In exchange, customers on the rate will receive a per kWh discount on summer Off-Peak and Mid-Peak rates. SMUD is also exploring the use of more distributed energy resources and demand response programs that could further reduce SMUD's system peak.

***Operational Independence and Local Control.*** A key component of SMUD's business strategy is focused on maintaining its independence in operating and maintaining its resources. As such, SMUD has taken a number of actions to mitigate the potential impacts of various federal and state regulatory actions. For example, in 2002 SMUD established itself as an independent control area (now termed "Balancing Authority") within the Western Electricity Coordinating Council ("WECC") region. By removing itself from CAISO's Balancing Authority area, SMUD became responsible for balancing electric supply and



demand within its own service territory. This move substantially reduced fees paid to CAISO, preserved operational flexibility and helped to insulate SMUD from the uncertain regulatory environment and tariff structure of CAISO. In addition to decreased financial risks, this independence also reduced SMUD's exposure to the impacts of capacity and energy shortages in the CAISO Balancing Authority area. Further, as an independent Balancing Authority, SMUD continued to support the statewide electric grid in events of electrical emergencies requiring rotating outages, such as loss of major transmission lines or equipment, as provided in the statewide emergency plan. By 2006, the SMUD Balancing Authority footprint expanded north to the California-Oregon border and south to Modesto, to include the service areas of the WAPA, MID, Redding and Roseville, and TANC-owned 340-mile 500-kV California-Oregon Transmission Project ("COTP"). In October 2009, SMUD, with the coordination and cooperation of WAPA, joined the Western Power Pool Reserve Sharing Group, which supports reliability and reduces operating costs. In May 2011, BANC assumed the role of the Balancing Authority, though SMUD continues to oversee operation of the grid on behalf of BANC. BANC members share cost responsibility for balancing authority-related compliance obligations, liabilities, and operations. BANC also serves as an important venue for SMUD and other BANC members to collaborate with respect to operational and market improvements inside the BANC footprint and to preserve their operational independence. See "POWER SUPPLY AND TRANSMISSION – Balancing Authority Area Agreements." As described above, SMUD, through its participation in BANC, operates in the CAISO WEIM, which helps SMUD better manage the integration of renewable energy resources. The CAISO WEIM is a voluntary market, which allows SMUD to maintain its operational independence from the CAISO, while providing SMUD greater access to balancing resources throughout the western region. See "POWER SUPPLY AND TRANSMISSION – Balancing Authority Area Agreements."

### **Electricity, Natural Gas, and Related Hedging**

SMUD continues to utilize a comprehensive and integrated power and fuel supply strategy to acquire a reliable and diversified portfolio of resources to meet existing and future needs. This strategy includes a combination of both physical supply and financial hedging transactions to reduce price risk exposure over a five-year horizon. SMUD's physical supply arrangements include ownership of power generating resources, as well as a diversified portfolio of power and fuel supply purchase contracts that range in duration, with a mixture of fixed and variable pricing terms.

With regard to the power purchase contracts, SMUD has entered into a series of contracts for the purchase of electricity to supply the portion of its resource needs not already provided by owned resources. SMUD also actively manages its exposure on variable rate electricity purchases, and at times may enter into financial contracts to fix prices by using options to reduce price risk, in each case when warranted by economic conditions. See "POWER SUPPLY AND TRANSMISSION – Power Purchase Agreements."

With regard to fuel supply contracts, SMUD utilizes a similar strategy of employing financial contracts of various durations to hedge its variable rate fuel supply contracts. As of April 1, 2025, these contracts are forecasted to have hedged the price exposure on approximately 100%, 85% and 61% of SMUD's anticipated natural gas requirements for 2025, 2026 and 2027, respectively. While the financial effects resulting from the unhedged portions of SMUD's natural gas requirements are difficult to predict, SMUD's financial results could be materially impacted. See "POWER SUPPLY AND TRANSMISSION – Fuel Supply – *Supply*."

As provided in SMUD's natural gas contracts, SMUD may be required to post collateral to various counterparties. As of March 31, 2025, SMUD did not have any collateral posting obligations. A decrease in natural gas prices could result in a collateral posting by SMUD. While the posting of collateral is not an expense for SMUD, it does temporarily encumber unrestricted cash balances.



To hedge against hydroelectric production volatility of SMUD-owned hydroelectric facilities, SMUD implemented a pass-through rate component called the Hydro Generation Adjustment (the “HGA”), and established a Hydro Rate Stabilization Fund (the “HRSF”). Similarly, to hedge against hydroelectric production volatility of non-SMUD-owned hydroelectric facilities, SMUD implemented a HGA and established a WAPA Rate Stabilization Fund (“WRSF”). These rate stabilization funds and rate pass through mechanisms help to offset increased power supply or fuel supply costs in years where precipitation levels at SMUD-owned and non-SMUD-owned hydroelectric facilities are low. See “RATES AND CUSTOMER BASE – Rate Stabilization Funds.”

## **Managing Risks**

SMUD maintains an Enterprise Risk Management (“ERM”) program, a strategic approach to managing enterprise-wide risks as a portfolio, to help reduce the chance of loss, create greater financial stability and protect SMUD resources. It is designed to maintain an early warning system to monitor changes in, and the emergence of, risks that affect the organization’s business objectives. Under the purview of the Enterprise Risk Oversight Committee, composed of executive members and chaired by the Chief Financial Officer, ERM conducts ongoing risk identification, assessments, monitoring, mitigation and reporting. To ensure accountability and oversight, each identified risk is assigned to an executive or director-level risk owner. Risk status and mitigation efforts are reported quarterly to the Board.

## **Competitive Challenges**

In the coming decade, utilities like SMUD may face competition from companies in other industries looking to diversify into the energy sector. Examples of developing competitive areas include retail sale of electricity, distributed electric storage resources, renewable distributed generation (mostly solar in Sacramento), customer installation of fuel cells, third-party electric vehicle charging, home or business automation that enables greater customer participation in energy markets, and third-party provision of energy management software and solutions.

SMUD has a wide range of initiatives to monitor and adapt to changing market conditions and new industry participants. Key areas of focus include:

- Enhancing customer experience. Recognizing the importance of meeting customer expectations, SMUD introduced the Customer Experience Strategy in 2016 to provide customers “value for what they pay” and further strengthen customer loyalty. The initiative is focused on ensuring SMUD has the people, systems, technology, programs and services to consistently meet or exceed customers’ changing expectations. The customer experience is measured via surveys with the goal of achieving 80% of customers agreeing that SMUD provides them with value for what they pay by 2030.
- Maintaining competitive rates. SMUD’s rates are currently among the lowest in California relative to other electricity providers in the State. SMUD has a number of risk mitigation and financial management strategies that it expects to use to keep rates competitive. See “BUSINESS STRATEGY – Sustainable Power Supply and Transmission” and “RATES AND CUSTOMER BASE.”
- Ongoing integrated resource planning. SMUD monitors and updates its integrated resource planning to ensure future sources of energy balance cost, reliability and environmental requirements with the flexibility to meet challenges of changing market and regulatory conditions, customer energy resources, and emerging technologies.



## Leveraging Core Competencies

In addition to these initiatives, SMUD is leveraging core competencies to improve industry safety and help communities serve their customers' energy needs.

***Sacramento Power Academy.*** The Sacramento Power Academy is SMUD's operational training center providing training support for all of SMUD's skilled trades professionals. Operating on a 10-acre training facility the academy oversees SMUD's 14 skilled trades apprenticeships. The academy's experienced training professionals serve as liaisons and mentors to apprentices progressing through on-the-job training, program testing, night schooling, and extensive training components. The academy also ensures SMUD's skilled trades professionals are safe and compliant by coordinating and delivering annual regulatory and safety training. The academy is also a workforce development hub utilized by SMUD to increase awareness of and interest in skilled trades careers at SMUD, in SMUD's community, and in the utility industry.

***Community Energy Services.*** In 2002, Assembly Bill 117 was passed to establish Community Choice Aggregation in the State by authorizing Community Choice Aggregators ("CCAs") to aggregate customer electric load and purchase electricity for customers. SMUD's Community Energy Services department was established in 2017 to help CCAs to support public power while also generating additional revenue for SMUD. About half of the State is now served by a CCA. CCAs are responsible for procuring wholesale power, setting the generation rate, delivering billing data to the local investor-owned utility ("IOU") to include on customer bills, providing customer care, offering customer programs, engaging the community and more. The local IOU is responsible for delivery of electricity on the electric grid, maintaining its electric infrastructure, printing customer bills and collecting customer payments.

In October 2017, SMUD was selected by the governing board of Valley Clean Energy ("VCE") to provide technical, energy and support services, including data management and call center services, wholesale energy services, and business operations support, to VCE for a five year term expiring May 31, 2023. SMUD and VCE executed a new contract for data management, contact center, billing, custom reporting, consulting, customer program, electrification concierge, CRM systems, and debt collection services that expires on December 31, 2029. VCE is a joint powers agency formed in 2016 by the City of Woodland, the City of Davis and Yolo County to implement a local CCA program. The service territory expanded to include the City of Winters in 2021.

In November 2017, SMUD was selected by the governing board of Ava Community Energy ("Ava") to provide call center, billing and data management services for a three-year term beginning in January 2018. SMUD signed a new contract with Ava in January 2022 for call center, billing, data management services, debt collection, CRM systems, and custom reporting, for two additional terms totaling five years, ending December 2026. Ava is a joint powers agency formed in 2016 by the cities of Albany, Berkeley, Dublin, Emeryville, Fremont, Hayward, Livermore, Oakland, Piedmont, San Leandro and Union City in Alameda County to implement a local CCA program. Ava expanded its territory to the cities of Pleasanton, Newark, and Tracy in April 2021.

In June 2019, SMUD was selected by the governing board of Silicon Valley Clean Energy ("SVCE") to provide a customer programs service to help local SVCE communities reduce carbon pollution while delivering engaging customer experiences. This contract was extended through September of 2024. In June 2023, SMUD was selected through a competitive process as SVCE's electrification concierge service vendor for three years. In December 2023, SMUD was again selected through a competitive process to provide SVCE with contact center, CRM systems, market research, and customer programs service for five years. SVCE is a joint powers agency formed in 2016 by the cities of Campbell, Cupertino, Gilroy,



Lost Altos, Los Altos Hills, Los Gatos, Milpitas, Monte Sereno, Morgan Hill, Mountain View, Saratoga, Sunnyvale and Unincorporated Santa Clara County to implement a local CCA program.

In July 2022, SMUD was selected by the governing board of Marin Clean Energy (“MCE”) to provide data management, billing, and data analytic services to MCE through December 2027. MCE is a joint powers agency formed in 2010 and represents 37 member communities across four Bay Area counties: Contra Costa, Marin, Napa and Solano.

In September 2022, SMUD was selected through a competitive process by the governing board of Sonoma Clean Power (“SCP”) to provide market research services to SCP. In January of 2023, SMUD was selected to provide strategic consulting services, providing recommendations related to programs and marketing. In 2024, SMUD was selected to provide data management, billing, contact center, debt collection and custom reporting services through December 31, 2029. SCP is a joint powers agency that serves Sonoma and Mendocino counties.

In 2024, SMUD was selected through a competitive process by the governing board of San Jose Clean Energy (“SJCE”) to provide customer programs service through August 28, 2026. SJCE serves residents of the City of San Jose.

In 2024, SMUD was selected through a competitive process by the governing board of Central Coast Community Energy (“3CE”) to provide CRM services through August 30, 2027. 3CE serves customers throughout Monterey, San Benito, San Luis Obispo, Santa Cruz and Santa Barbara counties.

While CCAs have had success in the State, they are susceptible to business, regulatory and other risks that could lead to a financial loss and/or result in a cessation of operations for the CCA. These risks could extend to a CCA’s counterparties, including SMUD. SMUD has made an effort to identify and mitigate potential counterparty risks to the extent possible in service agreements with the CCAs described above. SMUD may pursue opportunities to provide similar services to additional organizations in the future. SMUD management does not expect its current arrangements to have a material adverse impact on SMUD’s financial position, liquidity or results of operations.

## **FACTORS AFFECTING THE REGION**

### **Precipitation Variability**

SMUD uses a precipitation measuring station located at Fresh Pond, California to approximate available water supply to SMUD’s Upper American River Project (the “UARP”) hydropower reservoirs. As of March 31, 2025, precipitation at Fresh Pond, California totaled 44 inches for the October-September hydropower water supply period. This is 100% of the 50-year rolling median of 44 inches. Total reservoir storage in the UARP hydropower reservoirs was 285 thousand acre-feet as of March 31, 2025, which was about 87% of capacity and approximately 7% above the historical average. SMUD manages its reservoirs to maximize water storage going into the summer season, which preserves generating capacity during SMUD’s high load months and ensures that SMUD meets its UARP FERC license requirements, including requirements for recreational and environmental flows.

There can be wide swings in precipitation from year to year. In years with below average rainfall, SMUD may have to generate or purchase replacement energy at additional cost. To hedge against variations in the volume of energy received from SMUD-owned UARP hydroelectric resources, SMUD uses the HRSF to help offset increased power supply or fuel supply costs. See “RATES AND CUSTOMER BASE – Rate Stabilization Funds.”



SMUD is also exposed to precipitation variability through its contract with WAPA. In an average water year this contract provides roughly 661 gigawatt hours (“GWh”) of power. WAPA’s actual deliveries are based on hydroelectric generation (minus energy use for pumping) at Central Valley Project reservoirs in Northern California, which varies based on annual precipitation patterns, water deliveries for agriculture, and flow requirements in the Sacramento-San Joaquin River Delta. Unlike the UARP, SMUD does not monitor precipitation stations to approximate power deliveries under the WAPA contract, and instead relies on a forecast of power deliveries from WAPA. As of March 31, 2025, WAPA has forecasted power deliveries of 781 GWh for 2025, approximately 18% more than an average water year. See “POWER SUPPLY AND TRANSMISSION – Power Purchase Agreements – *Western Area Power Administration*.”

## **Wildfires**

**General.** Wildfires in the State have become increasingly common and destructive. Frequent drought conditions and unseasonably warm temperatures have increased, and could further increase, the possibility of wildfires occurring in areas where SMUD maintains generation, transmission and distribution facilities. The number of diseased and dead trees has increased, and could further increase, this possibility. In response, SMUD has proactively removed damaged, diseased, or otherwise hazardous trees within and adjacent to its rights-of-way as part of its vegetation management and wildfire mitigation programs. While these efforts reduce potential wildfire risk, SMUD cannot eliminate all future risk or liabilities associated with falling trees or vegetation, particularly those located outside of SMUD’s easements or control. As a result, SMUD faces an increased risk that it may be required to pay for wildfire related property damage or personal injuries, fines and penalties, some of which may not be covered by insurance (including costs in excess of applicable policy limits), or may be disputed by insurers, and could be material. In addition, a significant fire or fires in SMUD’s generation, transmission or service area could result in damage or destruction to SMUD’s facilities, result in a temporary or permanent loss of customers or otherwise materially increase SMUD’s costs or materially adversely affect SMUD’s ability to operate its Electric System or generate revenues.

SMUD’s service territory is located within Sacramento County, which is located outside the California Public Utilities Commission (the “CPUC”) high fire threat areas established in 2018. However, as described below, SMUD’s UARP facilities and certain of SMUD’s and TANC’s transmission facilities are within CPUC high fire threat areas. In addition, as described below, certain portions of SMUD’s service territory are located within the California Department of Forestry and Fire Protection (“Cal Fire”) Fire Protection and Resource Assessment Program (“FRAP”) Moderate, High and Very High Fire Hazard Severity Zones. SMUD’s exposure to liability for damages related to its UARP facilities, which are located within high fire threat areas in El Dorado County, is reduced due to risk mitigation measures adopted by SMUD and the low number of inhabitants and structures near the UARP facilities (See “Wildfire Mitigation” below).

SMUD continues to take responsible action to minimize its exposure to liability from wildfires; however, under current State law, utilities can be held liable for damages caused by wildfires sparked by their equipment or other facilities regardless of whether the utility was negligent or otherwise at fault. PG&E and other major IOUs and publicly owned utilities (“POUs”) in the State have experienced credit rating downgrades as a result of potential wildfire liability exposure, which may have implications for the electric market generally. At this time the full extent of SMUD’s potential exposure to wildfire risk is unknown.

**Distribution (SMUD Service Territory).** State law requires Cal Fire to classify areas in the State based on the severity of the fire hazard that is expected to prevail there. These areas or “Fire Hazard Severity Zones” are based on factors such as fuel (material that can burn), slope and the expected chance of burning. There are three Fire Hazard Severity Zones (Moderate, High and Very High) based on



increasing fire hazard. Portions of SMUD’s service territory are located within these Fire Hazard Severity Zones. SMUD has assessed its service territory based on Cal Fire’s FRAP map, adopted in 2007; the following table illustrates SMUD’s assessment of the approximate extent of its service territory and retail customer base located within the three Fire Hazard Severity Zones as of March 2025.

<b>Fire Hazard Severity Zone</b>	<b>Moderate</b>	<b>High</b>	<b>Very High</b>
Acres of SMUD Service Area	165,840	28,871	2,727
% of Total SMUD Service Area	29.0%	5.1%	0.5%
Number of Retail Customers	26,737	1,471	211
% of Total Retail Customers	3.7%	0.2%	0.0%

***Transmission (Outside of SMUD Service Territory).*** In 2018, the CPUC approved a new statewide fire map that identifies areas of elevated and extreme wildfire risk from utility-associated assets located throughout the State. SMUD directly participated in the development of the CPUC’s statewide fire map. In connection with the development of the CPUC’s statewide fire map, a peer review and a team of independent nationwide experts led by Cal Fire affirmed that SMUD’s electric service area is properly located outside of these elevated (“Tier 2”) and extreme (“Tier 3”) high fire threat areas; however, SMUD’s UARP facilities are located within both Tier 2 and Tier 3 areas. According to the CPUC, Tier 2 fire-threat areas are areas where there is an elevated wildfire risk from utility assets and Tier 3 fire-threat areas are areas where there is an extreme risk from utility assets. As of June 8, 2023, approximately 37 right-of-way miles of SMUD’s transmission lines are in Tier 2 fire-threat areas and approximately 19 right-of-way miles of SMUD’s transmission lines are in Tier 3 fire-threat areas. SMUD is also a member of TANC. As of May 2024, approximately 116.3 right-of-way miles of TANC’s transmission lines are in Tier 2 fire-threat areas and approximately 4.5 right-of-way miles of TANC’s transmission lines are in Tier 3 fire-threat areas. In accordance with its FERC license, SMUD adheres to a FERC-approved Fire Prevention and Response Plan for its UARP facilities. On May 17, 2018, in accordance with State law, SMUD’s Board of Directors determined that the UARP area may have a “significant risk of catastrophic wildfire” resulting from overhead electric facilities and that SMUD’s FERC-approved UARP Fire Prevention and Response Plan meets requirements for presenting wildfire mitigation measures to the Board for its approval.

***Pending CPUC Fire Threat Map Update.*** The CPUC’s existing statewide fire-threat map is currently undergoing a scheduled update. The revised map is expected to reflect updated vegetation, topographic, and climate risk data and may expand or otherwise change the designation of Tier 2 and Tier 3 wildfire threat areas. SMUD is monitoring this process closely. While the timing and scope of the map revisions remain uncertain, any reclassification of areas within or near SMUD’s or TANC’s electric facilities could affect wildfire risk mitigation planning, operational protocols, insurance coverage, and associated costs. At this time, SMUD is unable to predict the specific impact of the CPUC’s forthcoming map update but continues to take proactive measures to reduce wildfire risk and ensure regulatory compliance. [check for any update prior to POS posting]

***Wildfire Mitigation.*** In response to potential wildfire risk, SMUD has implemented and is continuing to implement a series of measures intended to prevent wildfires from occurring, minimize the spread of any fire that does occur and improve the resiliency of its system. These measures include an increase in the degree of sophistication of fuel reduction inside and adjacent to rights-of-ways; installation of Cal Fire-approved exempt material to reduce the risk of sparking; enhanced inspection and maintenance programs; increased use of ignition-resistant construction, including covered conductors and undergrounding of conductors; increased monitoring of and identified responses to fire conditions, including operational procedures for the de-energization of lines during high fire conditions; and



elimination of automatic reclosers on SMUD's transmission lines and on SMUD's distribution lines in certain areas during fire season.

SMUD's proactive approach to vegetation management has been expanded to include the use of advanced technologies such as Light Detection and Ranging ("LiDAR"), ortho and oblique imagery that is used to pinpoint tree health and/or condition that may not yet be visible to the naked eye. In addition, SMUD has installed additional weather stations in transmission corridors and substations for increased situational awareness and has continued coordination and collaboration with local agencies and first responders as well as vulnerable populations.

State legislation enacted in 2018 and 2019 (SB 901 and AB 1054, respectively) requires POUs to prepare and present wildfire mitigation plans at a noticed public meeting to their governing boards by January 1, 2020, and annually thereafter. SB 901 requires POU's to accept comments on the wildfire mitigation plan from the public, other local and State agencies, and interested parties, and to verify that the plan complies with all applicable rules, regulations, and standards, as appropriate. The bill requires a qualified independent evaluator to review and assess the comprehensiveness of its wildfire mitigation plan and present its report to the board in a public meeting. AB 1054 created a new Wildfire Safety Division within the CPUC to prioritize wildfire safety throughout the State, and established an appointed Wildfire Safety Advisory Board ("WSAB") to advise and make recommendations relating to wildfire safety to this new Division. Effective July 1, 2021, pursuant to AB 111, the Wildfire Safety Division transitioned from the CPUC to the newly established Office of Energy Infrastructure Safety within the California Natural Resources Agency. This Office now oversees the review of wildfire mitigation plans for IOUs and continues to receive input and advisory opinions from the WSAB. For POUs, the bill requires submittal of annual wildfire mitigation plans to the WSAB for review and advisory opinions relating to the content and sufficiency of the plans. As described below, SMUD continues to submit its annually updated wildfire mitigation plans and respond to recommendations from the WSAB in accordance with applicable statutory requirements.

SMUD assembled an enterprise-wide team of subject-matter experts to prepare its plan in compliance with this legislation. SMUD's initial Wildfire Mitigation Plan ("WMP") was adopted by the Board in the fourth quarter of 2019, after circulation for public comment and review of the comprehensiveness of the plan by a qualified independent evaluator. The WMP and evaluator's report were submitted to the WSAB in 2020.

SMUD reviews its WMP each year, presenting the updated plan to the Board for adoption at duly noticed public meetings. The updated plans and evaluator reports are submitted to the WSAB for advisory opinion and recommendations. SMUD responds to the WSAB's comments regarding SMUD's WMP as part of its WMP process. SMUD will continue to annually review and update its WMP, conducting a comprehensive review at least every third year.

In 2023, SMUD completed a comprehensive review and update of its WMP after soliciting public input and independent evaluation. The 2023-2025 WMP was adopted by the Board on June 15, 2023, and duly submitted to the WSAB. SMUD updated the WMP in 2024 and duly submitted the 2024 Update adopted by the SMUD Board to the WSAB.

**Wildfire Insurance.** Wildfires both in California and nationally have not only increased potential liability for utilities, but have also adversely impacted the insurance markets, leading to higher costs for coverage; coverages becoming prohibitively expensive; limited or restricted coverage to certain types of risks; or coverage at insufficient levels. SMUD most recently renewed its general and wildfire liability insurance coverage on June 15, 2024, increasing the coverage limit by \$15 million to \$290 million. SMUD



increased the commercially insured portion of its wildfire coverage program from \$212.5 million to \$241.5 million and reduced the self-insured layers and quota share portions of the coverage to \$48.5 million.

In addition, it is expected that SMUD will have a portion of the \$500 million aggregate principal amount of its commercial paper and line of credit program to provide operational flexibility in the event of the occurrence of a wildfire or other operational event. However, SMUD has not covenanted to maintain the availability of the commercial paper program and line of credit program for these purposes and no assurances can be given that the commercial paper and line of credit program will be available at the time of, or during, such an event.

### **Recent Heatwaves**

California has experienced several prolonged and extreme heat events in recent years that have placed significant stress on the State's electric grid. During the August 2020 heatwave (August 14–18), the CAISO implemented rotating outages across the State. As a member of the BANC and operating outside of CAISO, SMUD did not implement any planned power disruptions and was able to provide emergency assistance and wholesale market sales to CAISO during certain hours. SMUD's peak load during this event ranged between 2,874 MW and 3,057 MW, well below its all-time system peak of 3,299 MW. More recently, during the September 2022 heatwave (September 5–8), SMUD recorded a peak demand of 3,263 MW, the second highest in its history. Again, SMUD was able to meet customer demand without implementing any planned outages. While SMUD has maintained system reliability during past extreme weather events, it cannot predict the occurrence, duration, or intensity of future heatwaves or their potential impacts on electric load, generation, transmission, distribution system performance and such events could materially adversely affect SMUD's operations or financial results.

### **Storm Damage**

In January 2023, SMUD experienced a series of winter storms that brought heavy rains and high winds causing damage to SMUD's grid and widespread outages for SMUD's customers. By the time the storm response was complete, SMUD had experienced the largest mobilization of personnel and restoration crews in its history. SMUD incurred costs related to removing downed trees, restoring power from downed poles and broken lines, replenishing inventory, communicating with and providing assistance to customers, maintaining IT systems, and coordinating with local emergency agencies. SMUD is pursuing claims with Federal and State agencies to attempt to recover certain of SMUD's costs related to the storms. The material financial impacts have been reflected in SMUD's audited financial statements for the years ended December 31, 2024 and December 31, 2023, which are included in APPENDIX B.

### **Cosumnes Power Plant Outage**

On June 5, 2022, the Cosumnes Power Plant (as defined herein) was shut down due to a ground fault in the Steam Turbine Generator ("STG") stator. The ground fault was caused by delamination of the insulation on one of the through bolts. Damage from the ground fault resulted in a full rewind and restack of the stator core, replacement of all stator through bolts, and a full rewind of turbine rotor. The Cosumnes Power Plant repairs were completed in February 2023 and the plant returned to service on March 5, 2023. During the extended outage, SMUD shifted generation to the other local gas-fired plants and the Sutter Energy Center and procured additional energy and resource adequacy capacity. SMUD also requested and received approval from the California Air Quality Board and California Energy Commission to operate one or both of the gas turbines without the STG. During a heatwave in September 2022, both of the gas turbines at the Cosumnes Power Plant were operated without the STG, providing 270 MW at peak.



To mitigate the financial impact of unplanned outages from its thermal assets, SMUD carries commercial property insurance with a business interruption endorsement. At the time of the loss, the coverage provided up to \$30.8 million of business interruption recovery per month at the Cosumnes Power Plant, with a sub-limit of \$310 million over any 18-month period. During the policy period, claims were subject to a \$5 million equipment damage deductible and a 60-day business interruption claims waiting period.

In February 2024, SMUD reached a settlement for the equipment damage portion of the loss, of \$18.6 million, which resulted in a net recovery of \$13.6 million. The business interruption aspect of the claim had a 60-day waiting period and was settled in three phases: an early advance payment shortly after the loss in December 2022, a partial settlement in January 2024, and a final negotiated settlement in mid-2024. The total recovery for business interruption across these three payments was \$138.9 million.

### **Potential Impacts from Future Uncertainties**

Although the impacts from the COVID-19 pandemic have significantly diminished, SMUD remains vigilant in assessing risks associated with future large-scale disruptions. SMUD's operations, financial position, and customer demand may be affected by future public health emergencies (including pandemics or epidemics), economic volatility, inflationary pressures, supply chain disruptions, labor shortages, changes in regulatory or legislative environments, imposition of tariffs, or other macroeconomic conditions beyond SMUD's control.

These risks could result in increased costs, delays to capital projects, changes in customer energy usage patterns, or an increase in delinquent customer accounts. In response, SMUD continues to enhance its enterprise risk management practices, develop contingency strategies, and maintain financial flexibility to help mitigate the effects of such events on operations and service reliability.

## **RATES AND CUSTOMER BASE**

### **Rates and Charges**

SMUD's Board of Directors has autonomous authority to establish the rates charged for all SMUD services. Unlike IOUs and some other municipal utility systems, retail rate and revenue levels are not subject to review or regulation by any other federal, State or local governmental agencies. Changes to SMUD rates only require formal action by the Board of Directors after two public workshops and a public hearing. SMUD is not required by law to transfer any portion of its collections from customers to any local government. SMUD typically reviews and sets rates on a two-year cycle.

#### ***2019 Rate Action.***

On June 24, 2019, the Board approved a 3.75% rate increase effective January 1, 2020, a 3.00% rate increase effective October 1, 2020, a 2.50% rate increase effective January 1, 2021, and a 2.00% rate increase effective October 1, 2021, for all customer classes. Additionally, the Board approved a restructuring of the commercial rates, including new time periods and an overall increase in the fixed bill components, such as the System Infrastructure Fixed Charge and demand charges, and a corresponding decrease in energy charges, making the restructuring revenue neutral by rate category. To minimize bill impacts, rate categories will be restructured over an eight-year period.



### ***2021 Rate Action.***

On September 16, 2021, the Board approved a 1.5% rate increase effective March 1, 2022, and a 2.0% rate increase effective January 1, 2023, for all customer classes. Additionally, the Board approved the Solar and Storage Rate, the optional residential Peak Pricing Rate, and updates to certain schedules of SMUD's Open Access Transmission Tariff ("OATT"). The Board also approved a new timeline for the commercial rate restructure transition, and all impacted commercial customers were transitioned to the new rates by the end of the first quarter of 2022.

SMUD also implemented a solar interconnection fee based on the size of solar interconnection and supporting programs such as battery incentives, incentives to enroll in SMUD's Critical Peak Pricing Rate, battery incentives for Virtual Power Plants, and a program to bring the benefits of solar to under-resourced multi-family communities. These programs and fees are not subject to Board approval.

### ***2023 Rate Action.***

On September 21, 2023, the Board approved a 2.75% rate increase effective January 1, 2024, a 2.75% rate increase effective May 1, 2024, a 2.75% rate increase effective January 1, 2025, and a 2.75% rate increase effective May 1, 2025, for all customer classes. The Board also approved establishing the Energy Assistance Program Rate ("EAPR") Rate Stabilization Fund, which will provide an additional discount to those low-income customers with the greatest need. The discount will be funded with discretionary, non-retail rate revenue, as to not have an impact on any future required rate changes. There is currently pending litigation concerning the adoption of the 2023 rates. See "LEGAL PROCEEDINGS – Proposition 26 Lawsuit."

### ***2025 Rate Action.***

On June 19, 2025, the Board will vote on the proposed 3.0% rate increases effective January 1, 2026, and January 1, 2027. The proposal also includes an optional rate for residential customers designed for low users that have a panel size of 125 amps or less. The optional rate will have a lower monthly fixed charge and higher energy rates to make it revenue neutral. In addition, the Board will vote on a proposed update to SMUD's OATT.

### **Rate Stabilization Funds**

The Rate Stabilization Fund ("RSF") is maintained by SMUD to reduce the need for future rate increases when costs exceed existing rates. At the direction of the Board, amounts may be either transferred into the RSF (which reduces revenues) or transferred out of the RSF (which increases revenues). The Board authorizes RSF transfers on an event driven basis. The RSF includes funds to hedge variations in the volume of energy received from WAPA hydroelectric generation, variations in commodity expenses, variation in AB 32 revenue and variations in Low Carbon Fuel Credit ("LCFS") revenue. As of December 31, 2024, the balance in the RSF was \$212.4 million, which is approximately 11.9% of annual retail revenue.

Effective July 2008, SMUD implemented the HGA, which is a pass-through rate component to deal with variations in hydroelectric generation from the UARP (see "POWER SUPPLY AND TRANSMISSION – Power Generation Facilities – *Hydroelectric*"). The HGA is designed to increase revenues in dry years when SMUD must buy power to replace hydroelectric generation and return money to the HRSF in wet years when SMUD has more hydroelectric generation than expected. Each year SMUD determines the impact of precipitation variances on projected hydroelectric generation from the UARP. When the precipitation variance results in a deficiency of hydroelectric generation from the UARP, transfers



from the HRSF, which was created as a component of the RSF, to SMUD's available cash, will be made in an amount approximating the cost to SMUD of replacement power (up to 4% of revenues) until the balance in the HRSF is zero. When the precipitation variance results in a projected surplus of hydroelectric generation from the UARP, deposits will be made into the HRSF in an amount approximating the positive impact to SMUD from the surplus hydroelectric generation (up to 4% of revenues) until the balance in the HRSF is equal to 6% of budgeted retail revenue. If the balance in the HRSF is not sufficient to cover transfers that would otherwise be made in the event of a projected deficiency in UARP hydroelectric generation, a 12-month HGA surcharge will automatically be included on customers' electric bills at a level that generates up to 4% of retail revenue. If the balance in the HRSF is equal to 6% of budgeted retail revenue on any precipitation variance calculation date and the precipitation variance results in a projected UARP hydroelectric generation surplus, the positive impact of the surplus may be used for other purposes at staff's recommendation, with the approval of the Board, including returned to customers through an electric bill discount up to 4% of retail revenue. SMUD calculates HRSF transfers based on an April-March (water year) precipitation period at Fresh Pond, California. This precipitation station is used to approximate available water supply to SMUD's UARP hydropower reservoirs. As of March 31, 2025, and based on the current HRSF water year precipitation forecast, SMUD [transferred \$7.2 million] out of the HRSF in April 2025.

In September 2023, SMUD added a pass-through rate component to deal with variations in hydroelectric generation from WAPA. Each year SMUD determines the WAPA Energy Delivery Variance ("EDV") based on forecasted energy delivery minus the actual energy delivery. When the EDV variance is positive, transfers from the WRSF, which was created as a component of the RSF, to SMUD's available cash, will be made in an amount approximating the cost to SMUD of replacement power (up to 2% of revenues) until the balance in the WRSF is zero. If the balance in the WRSF is not sufficient to cover transfers that would otherwise be made in the event of a projected deficiency in WAPA hydroelectric generation, a 12-month HGA surcharge will automatically be included on customers' electric bills at a level that generates up to 2% of retail revenue. When the EDV variance is negative, deposits will be made into the WRSF in an amount approximating the positive impact to SMUD from the surplus hydroelectric generation (up to 2% of revenues) until the balance in the WRSF reaches a maximum of 4% of budgeted retail revenue. Any deposit amount that exceeds the WRSF maximum of 4% of budgeted retail revenue, may be used for other purposes with the approval of the Board, including returned to customers through an electric bill discount up to 2% of retail revenue. SMUD calculates WRSF transfers based on a forecasted delivery as provided by WAPA. As of March 31, 2025, and based on the current WRSF water year precipitation forecast, SMUD [transferred \$3.5 million] into the WRSF in April 2025.

As of December 31, 2024, the balance in the RSF, not including the HRSF, was \$212.4 million, which is approximately 11.9% of annual retail revenue. SMUD transferred approximately \$8.3 million out of the HRSF into SMUD's available cash in April 2024 due to below average precipitation, which decreased the balance in the HRSF from \$96.4 million to \$88.0 million. Although the HRSF and the subaccount of the RSF that hedge variations in the volume of energy received from non-SMUD hydroelectric generation currently have positive balances, below average precipitation could deplete the HRSF and RSF balances to zero.

### **Income-Eligible Discount**

As of December 2024, approximately 76,583 customers received the income-eligible discount offered by SMUD, which represents approximately 13% of all residential customers. In 2024, the total discount was approximately \$33.6 million. While the income-eligible discount has provided substantial benefits to income-eligible customer bills for years, multiple economic variables, such as inflation and rate increases, have had disproportionately negative impacts on low-income customers, particularly those in the 0-50% Federal Poverty Level ("FPL"). In 2023, SMUD established an EAPR Rate Stabilization Fund



(“ERSF”) to provide an additional discount to the electricity usage charge up to an established maximum discount (“ERSF Additional Discount”) for customers in the 0-50% FPL. The ERSF is funded by discretionary non-retail rate revenue, reviewed on an annual basis, and the specific monthly ERSF Additional Discount is set before the year the value is in effect.

SMUD expanded its programs and services starting in 2016 to help customers with energy assistance, home improvement packages and education. SMUD is creating tailored solutions to best meet the needs of income-eligible customers. These solutions include free solar panels and inspecting homes to identify energy saving and fuel switching opportunities. As of December 2024, SMUD has assisted over 31,500 customers with energy retrofits and education. In partnership with Grid Alternatives (a non-profit organization that focuses on implementing solar power and energy efficiency for income-eligible families), Community Resource Project and Habitat for Humanity of Greater Sacramento, SMUD provided free solar installations to over 83 income-eligible customers between 2023 and 2024. As part of SMUD’s Zero Carbon Plan and the focus on building electrification, SMUD has also been ramping up electrification investments for income-eligible customers. Since 2019, SMUD has assisted more than 3,000 households with electrification upgrades, including nearly 496 electric vehicle chargers and more than 413 electric vehicle circuits in income-eligible households or areas that serve income-eligible customers. Through these initiatives, SMUD is dedicated to enhancing energy accessibility and sustainability for its community.

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## Rate Comparisons

SMUD's rates remain significantly below those of PG&E and other large utilities throughout the State. The following table sets forth the average charges per kWh by customer class for both SMUD and PG&E. PG&E's rates reflect their recently approved rate increase effective January 1, 2025.

### AVERAGE CLASS RATES

	<b>SMUD Rates (cents/kWh)<sup>(1)</sup></b>	<b>PG&amp;E Rates (cents/kWh)<sup>(2)</sup></b>	<b>Percent SMUD is Below PG&amp;E<sup>(3)</sup></b>
Residential – Standard	19.70¢	42.47¢	53.6%
Residential – Low Income	13.53¢	24.76¢	45.4%
<b>All Residential</b>	18.88¢	35.88¢	47.4%
Small Commercial (Less than 20 kW)	19.31¢	43.57¢	55.7%
Small Commercial (21 to 299 kW)	17.82¢	43.18¢	58.7%
Medium Commercial (300 to 499 kW)	16.74¢	38.63¢	56.7%
Medium Commercial (500 to 999 kW)	15.51¢	33.91¢	54.3%
Large Commercial (Greater than 1,000 kW)	12.75¢	22.47¢	43.3%
Lighting – Traffic Signals	15.19¢	43.27¢	64.9%
Lighting – Street Lighting	17.83¢	46.75¢	61.9%
Agriculture	16.83¢	39.23¢	57.1%
<b>System Average</b>	17.28¢	35.04¢	50.7%

<sup>(1)</sup> Projected 2025 average prices for SMUD with rates effective May 1, 2025.

<sup>(2)</sup> PG&E average prices in 2025 reflect rates effective January 1, 2025, per Advice Letter 7366-E dated December 30, 2024.

<sup>(3)</sup> The rates in the Average Class Rates table are calculated by dividing the total revenue of each class by the total usage of that class in kWh. The actual savings per customer will vary based on their electricity consumption.

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The following table shows a comparison of SMUD’s charges for the average residential usage of 750 kWh per month (based on an average of summer and non-summer months) and charges of seven similar neighboring or largest utilities in the State.

**STATEWIDE COMPARISON–RESIDENTIAL SERVICE**

	<b>Monthly Billing Charge 750 kWh<sup>(1)(2)</sup></b>	<b>Percent SMUD is (Below)/Above Utility</b>
Sacramento Municipal Utility District	\$141.04	
Pacific Gas & Electric Company	\$327.96	(57.0%)
Turlock Irrigation District	\$126.87	11.2%
Roseville Electric Utility	\$156.78	(10.0%)
Modesto Irrigation District	\$172.54	(18.3%)
Los Angeles Dept. of Water & Power	\$184.71	(23.6%)
Southern California Edison Company	\$271.47	(48.0%)
San Diego Gas and Electric Company	\$312.36	(54.8%)

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<sup>(1)</sup> Per individual utility’s published schedules as of January 1, 2025.

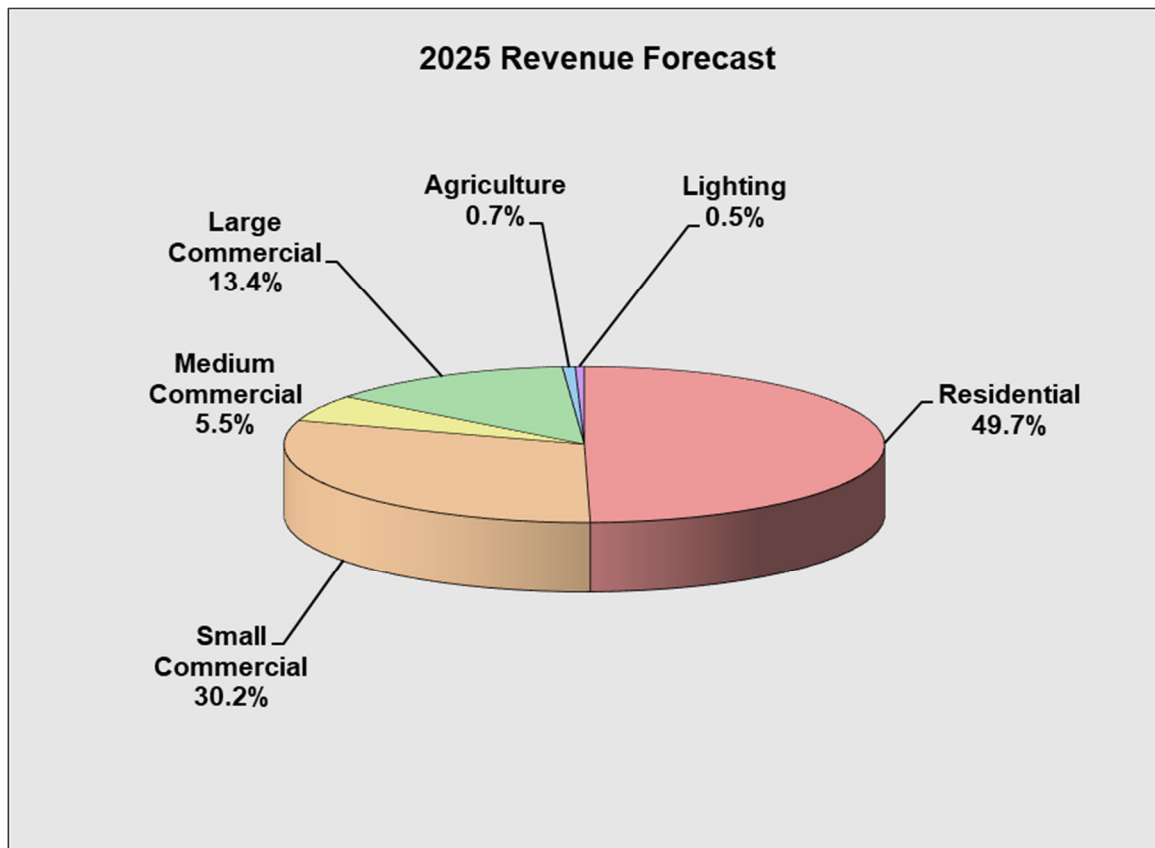
<sup>(2)</sup> Average usage of theoretical customer using 750kWh per month.

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### Allocation of Revenue by Customer Class

The following chart sets forth the forecast percentage of SMUD revenues from billed sales associated with each customer class.



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## Customer Base; Largest Customers

A stabilizing influence on SMUD's revenues is that a substantial proportion is derived from residential customers (50.1% in 2024). Historically, revenue from commercial and industrial consumption has been more sensitive to economic fluctuation. Furthermore, SMUD has no dominant customers that account for a significant percentage of annual revenues. In 2024, no single customer contributed more than 3% of revenues. The top ten customers generated approximately 9.5% of revenues and the top 30 generated approximately 15% of revenues. The following table presents information on SMUD's top ten customers as of December 31, 2024.

### SMUD'S LARGEST CUSTOMERS (As of December 31, 2024)

Customer Type	Annual Revenue (\$ millions)	% of Total Revenue
Government	36.62	2.06%
Government	34.95	1.97%
Technology	24.87	1.40%
Government	16.60	0.94%
Technology	11.15	0.63%
Communications	10.36	0.58%
Industrial Gases	9.38	0.53%
Government	8.88	0.50%
Retail	8.24	0.46%
Communications	7.89	0.44%
<b>Top 10 Total</b>	<b>168.93</b>	<b>9.52%</b>

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## POWER SUPPLY AND TRANSMISSION

### Power Supply Resources

The following table sets forth information concerning SMUD’s power supply resources as of March 31, 2025. Capacity availability reflects expected capacities at SMUD’s load center, as well as entitlement, firm allocations and contract amounts in the month of July, which is generally SMUD’s peak month.

### POWER SUPPLY RESOURCES (As of March 31, 2025)

Source:	Capacity Available (MW) <sup>(1)</sup>
<b>Generating Facilities:</b>	
Upper American River Project – Hydroelectric .....	697
Solano Wind Project – Wind <sup>(2)</sup> .....	114
Hedge Battery <sup>(2)</sup> .....	4
<b>Sub-total:</b> .....	<b>815</b>
<b>Local Gas-Fired Plants:</b>	
Cosumnes Power Plant .....	576
Carson Project.....	103
Procter & Gamble Project.....	166
McClellan .....	72
Campbell Soup Project .....	170
<b>Sub-total:</b> .....	<b>1,087</b>
<b>Purchased Power:</b>	
Western Area Power Administration (WAPA) <sup>(3)</sup> <sup>(4)</sup> .....	295
Grady – Wind <sup>(2)</sup> .....	51
Feed-in-Tariff Photovoltaic – Solar <sup>(2)</sup> .....	27
Rancho Seco Solar <sup>(2)</sup> .....	58
NTUA Navajo Drew Solar <sup>(2)</sup> .....	45
Great Valley – Solar <sup>(2)</sup> .....	35
Wildflower Solar <sup>(2)</sup> .....	3
Calpine Geysers – Geothermal .....	100
CalEnergy – Geothermal .....	26
Patua (Gradient/Vulcan) – Geothermal.....	12
Other Long-Term Contracts.....	16
ELCC Portfolio Adjustment <sup>(2)</sup> .....	64
Sutter Calpine Thermal .....	258
Firm Contract Reserves <sup>(4)</sup> .....	15
Committed Short-Term Purchases <sup>(5)</sup> .....	540
Uncommitted Short-Term Purchases/(Sales) .....	(1)
<b>Sub-total:</b> .....	<b>1,541</b>
<b>Total</b> .....	<b>3,443</b>

(1) Available capacity is the net capacity available to serve SMUD’s system peak load during the month of July.

(2) Capacity values for wind, solar, and storage projects shown are based on resource effective load carrying capability (“ELCC”) modeling.

(3) Total includes SMUD’s Base Resource share and WAPA Customer allocations.

(4) Assumes firm reserves of 5% are included.

(5) Committed Short-Term Purchases are primarily purchased on a year-ahead to season-ahead basis from various sources.

Note: Totals may not add due to rounding.



## Power Generation Facilities

**Hydroelectric.** The UARP consists of three relatively large storage reservoirs (Union Valley, Loon Lake and Ice House) with an aggregate water storage capacity of approximately 400,000 acre-feet and eight small reservoirs. Project facilities also include eight tunnels with a combined length of over 26 miles and nine powerhouses containing 11 turbines. In addition to providing clean hydroelectric power and operating flexibility for SMUD, the UARP area provides habitat for fish and wildlife and a variety of recreational opportunities, including camping, fishing, boating, hiking, horseback riding, mountain biking and cross-country skiing.

The combined capacity of the UARP is approximately 685 MW at SMUD's load center in Sacramento. Under current licensing and mean water conditions, these facilities are expected to generate approximately 1,600 GWh of electric energy annually, which represents approximately 15% of SMUD's current average annual retail energy requirements. In 1957, the Federal Power Commission (predecessor agency to FERC) issued a license to SMUD for the UARP. This 50-year license was subsequently amended to add and upgrade facilities and now includes all segments of SMUD's hydroelectric facilities located on the South Fork of the American River and its tributaries upstream from the Chili Bar Project (described below). On July 23, 2014, FERC issued to SMUD a new 50-year license for the UARP.

On November 9, 2016, FERC issued an Order authorizing SMUD to construct the South Fork Powerhouse downstream of the UARP's Slab Creek Dam. Construction was substantially completed in the fall of 2020, and the new powerhouse was placed into operation on October 25, 2022, adding 1.8 MW of generation to the UARP's overall capacity.

On June 16, 2021, pursuant to Board authorization, SMUD acquired the Chili Bar Hydroelectric Project which consists of a 7 MW powerhouse, reservoir, dam and spillway, north of Placerville on the South Fork of the American River for approximately \$10.4 million (the "Chili Bar Project"). The Chili Bar Project is immediately downstream from the UARP and operates as the regulating reservoir for the UARP's largest powerhouse. Owning the UARP and the Chili Bar Project enables SMUD to operate the two projects with a holistic approach to license compliance and generation efficiency.

**Solano 2 Wind Project.** SMUD owns and operates an 87 MW wind project, located in Solano County, known as Solano 2. Solano 2 consist of 29 wind turbine generators ("WTGs") rated at 3 MW each. Energy from the project is collected at 21 kV and transmitted over a dedicated 3-mile overhead system to the SMUD-owned Russell substation. At the Russell facility, the energy is transformed to 230 kV and interconnected to PG&E's Birds Landing Switching Station. Energy deliveries are scheduled through the CAISO.

**Solano 3 Project.** In 2011 and 2012, SMUD constructed a 128 MW wind project adjacent to Solano Phase 2, known as Solano 3. The Solano 3 project consists of 31 WTGs rated at 1.8 MW and 24 WTGs rated at 3.0 MW. The project interconnects through a 34.5 kV underground collection system to the Russell substation. Like the Solano Phase 2 project, this energy is transformed to 230 kV and delivered through the CAISO.

**Solano 4 Project.** In 2023 and 2024, SMUD constructed the Solano 4 Project, and the Project was fully operational as of May 10, 2024. As part of the Solano 4 Project, the 15 MW Solano 1 project was demolished. The Solano 4 project adds an additional 85.5 MW of capacity to SMUD's Solano Wind portfolio.



In 2023, SMUD merged Solano 2, 3, & 4 into one combined interconnection agreement with CAISO and PG&E. Now the CAISO calls the combined project “Solano Renewables 1” and the Resource ID is “RUSSELL\_2\_SOLANO1”.

The combined Solano Renewables 1 project is currently limited to 230 MW max output by PG&E because of two outstanding transmission upgrades. The two PG&E projects include the Contra Costa thermal overload upgrade, expected to be complete by September 30, 2025, and the Vaca Dixon Breaker upgrade, expected to be complete by May 30, 2027. Increases in deliverability from Solano will occur with each upgrade completed to 255.9MW and 320.8MW, respectively. In total, SMUD will have an installed wind capacity of 303 MW in connection with the overall Solano Wind Project, leaving 18 MW at the point of interconnection for future development.

***Distributed Solar Photovoltaic.*** SMUD owns and operates approximately 2 MW of solar photovoltaic generating facilities. These facilities include installations at the Hedge Substation property, SMUD Headquarters, the East Campus Operations Center, and other smaller photovoltaic systems throughout the service area on parking lots.

***Hedge Battery.*** SMUD owns and operates a 4 MW, 8 MWh, battery energy storage system located near the Hedge Substation in South Sacramento. The facility reached commercial operation in January 2023.

***Local Gas-Fired Plants.*** SMUD constructed five local natural gas-fired plants in its service area: the Carson Project, the Procter & Gamble Project, the Campbell Soup Project, McClellan and the Cosumnes Power Plant (each defined below). These five plants are referred to collectively as the “Local Gas-Fired Plants.” These plants are a strategic component of SMUD’s resource mix. In addition to providing SMUD a total capacity of approximately 1,139 MW, the Local Gas-Fired Plants provide SMUD with needed voltage support, operational and load following capability, and the reliability inherent in having power resources located close to loads. With the exception of McClellan, these plants were financed through the issuance of project revenue bonds by separate joint powers authorities (collectively, the “Authorities”). In late 2021, ownership of all of the Local Gas-Fired Plants was transferred to one of the Authorities, SFA. SMUD has entered into long-term agreements with SFA providing for the purchase by SMUD of all of the power from each of the Local Gas-Fired Plants on a take-or-pay basis. This consolidation created operational and administrative efficiencies without changing any of the functionality of the power plants. Although the Local Gas-Fired Plants are owned by SFA, SMUD has exclusive control of their dispatch and manages their operations as part of its overall power supply strategy.

Payments under the power purchase agreements are payable from the revenues of SMUD’s Electric System prior to the payment of the principal of or interest on SMUD’s Senior Bonds and Subordinated Bonds (each as defined under the caption “CAPITAL REQUIREMENTS AND OUTSTANDING INDEBTEDNESS” below), as are other maintenance and operation costs and energy payments. For further discussion of SMUD’s obligations to make these payments to SFA, see “CAPITAL REQUIREMENTS AND OUTSTANDING INDEBTEDNESS – Outstanding Indebtedness – *Joint Powers Authorities.*”

The following is a brief description of the five Local Gas-Fired Plants:

***The Cosumnes Power Plant (the “Cosumnes Power Plant”).*** The Cosumnes Power Plant is a 612 MW natural gas-fired, combined cycle plant located in the southern portion of Sacramento County adjacent to SMUD’s decommissioned Rancho Seco Nuclear Power Plant. Commercial operation of the Cosumnes Power Plant commenced on February 24, 2006. SFA increased the net generating capacity of the facility by 81 MWs via an Advanced Gas Path (“AGP”) upgrade. The additional AGP generation was realized after hardware and software upgrades were completed on both units in March of 2019. The Cosumnes



Power Plant is owned by SFA, a joint powers authority formed by SMUD and MID. [The SFA bonds issued to finance the Cosumnes Power Plant were defeased in [May 2025].] The take-or-pay power purchase agreement between SMUD and SFA relating to the Cosumnes Power Plant will be in effect until terminated by SMUD. On June 5, 2022, the Cosumnes Power Plant was shut down due to a ground fault in the STG stator. The repair was completed in February 2023 and the plant returned to service on March 5, 2023. See “FACTORS AFFECTING THE REGION – Cosumnes Power Plant Outage”.

*The Carson Cogeneration Project (the “Carson Project”).* The Carson Project, a 103 MW natural-gas-fired cogeneration project consisting of separate combined cycle and peaking plants, provides steam to the Sacramento Regional County Sanitation District (“SRCSD”) wastewater treatment plant adjacent to the site. The Carson Project was originally owned by the Central Valley Financing Authority (“CVFA”), a joint powers authority formed by SMUD and the SRCSD. Construction of the Carson Project was completed and the plant began commercial operation on October 11, 1995. The CVFA bonds issued to finance the Carson Project were defeased in September 2019. In late 2021, ownership of the Carson Project was transferred to SFA. The take-or-pay power purchase agreement between SMUD and SFA relating to the Carson Project will be in effect until terminated by SMUD.

*The Procter & Gamble Cogeneration Project (the “Procter & Gamble Project”).* The Procter & Gamble Project, a 182 MW natural gas-fired cogeneration facility, is located in an established industrial area of Sacramento. The initial combined cycle portion of the plant began commercial operation on March 1, 1997. Construction of the peaking plant portion of the Procter & Gamble Project commenced during 2000 and the unit achieved commercial status on April 24, 2001. The Procter & Gamble Project produces steam for use in Procter & Gamble Manufacturing Company’s oleochemical manufacturing processes and electricity for sale to SMUD. The Procter & Gamble Project was originally owned by the Sacramento Cogeneration Authority (“SCA”), a joint powers authority formed by SMUD and SFA, a separate joint powers authority. The SCA bonds issued to finance the Procter & Gamble Project were defeased in September 2019. In late 2021, ownership of the Procter & Gamble Project was transferred to SFA. The take-or-pay power purchase agreement between SMUD and SFA relating to the Procter & Gamble Project will be in effect until terminated by SMUD.

*The Campbell Soup Cogeneration Project (the “Campbell Soup Project”).* The Campbell Soup Project, a 170 MW natural gas-fired cogeneration project, was completed and began commercial operations on December 4, 1997. Upgrades were implemented during 2000, which increased the plant’s peaking capacity to 180 MW, well above its net demonstrated capacity of 159.8 MW. The plant is located in south Sacramento adjacent to the Capital Commerce Center (formerly the Campbell Soup Company food processing facility). The Campbell Soup Project was originally owned by the Sacramento Power Authority (“SPA”), a joint powers authority formed by SMUD and SFA. The SPA bonds issued to finance the Campbell Soup Project were redeemed in July 2015. In late 2021, ownership of the Campbell Soup Project was transferred to SFA. The take-or-pay power purchase agreement between SMUD and SFA relating to the Campbell Soup Project (the “Campbell Soup/McClellan PPA”) covers both the Campbell Soup Project and McClellan and will be in effect until terminated by SMUD. In support of the Zero Carbon Plan, SMUD is exploring replacing the Campbell Soup Project, contingent upon SMUD having sufficient other resources available and grid reliability can be maintained. See “BUSINESS STRATEGY – Sustainable Power Supply and Transmission – 2030 Zero Carbon Plan.”

*The McClellan Gas Turbine (“McClellan”).* McClellan is a 72 MW natural gas-fired simple cycle combustion turbine generating plant at McClellan Business Park in Sacramento. This turbine is connected to SMUD’s electric system and is operated to meet SMUD’s peak-load requirements. McClellan is aligned for remote starting and operation with both black start and fast start capabilities. SMUD constructed the McClellan unit in 1986 as a 50 MW emergency power source for the McClellan Air Force Base. In 2001, following the Air Force Base closure, McClellan was upgraded to 72 MW and converted for SMUD’s use.



In May 2007, SMUD transferred ownership of McClellan to SPA for more efficient operation. SPA did not issue debt related to McClellan. In late 2021, ownership of McClellan was transferred to SFA. SFA passes all costs of operations and maintenance through to SMUD in accordance with the terms of the Campbell Soup/McClellan PPA. In exchange for paying all costs related to McClellan, SMUD receives all of the power generated thereby on a take-or-pay basis. In support of the Zero Carbon Plan, SMUD is exploring replacing McClellan, contingent upon SMUD having sufficient other resources available and grid reliability can be maintained. See “BUSINESS STRATEGY – Sustainable Power Supply and Transmission – 2030 Zero Carbon Plan.”

## **Fuel Supply**

**General.** SMUD is obligated to arrange for the purchase and delivery of natural gas to the Local Gas-Fired Plants. Management of the natural gas procurement and delivery process is a key focus of SMUD’s reliability and risk policies. Although the natural gas consumption of the power plants for SMUD’s load can vary significantly depending on the season, precipitation, and the market price of power and natural gas, the plants are forecasted to need, on average in 2025, a total of approximately 85,000 Decatherms per day (“Dth/day”) with a daily peak slightly more than 171,000 Dth/day of natural gas. SMUD has implemented a comprehensive strategy to secure a reliable and diversified fuel supply through a variety of agreements for the supply, transportation, and storage of natural gas.

**Supply.** SMUD hedges a significant portion of its expected gas needs to meet customer power requirements. This includes gas for the Local Gas-Fired Plants and for the Sutter Energy Center. See “Power Purchase Agreements – *Sutter Energy Center*”. This is accomplished through a combination of long-term supply arrangements and an exposure reduction program. The program consists of a primary rolling three-year exposure reduction component, a fuel hedging component on a rolling three-year basis, as well as supplemental fixed calendar year components reaching out up to four calendar years. Long-term arrangements may consist of a combination of physical commodity supply contracts, financial hedges, or options. Natural gas is purchased from a wide variety of producers and marketers at the northern and southern California borders, and from the San Juan and the Rocky Mountain supply basins. SMUD has a number of both fixed-price supply agreements and financial hedging contracts to fix gas costs ranging from one month to several years in duration. Including fixed price biogas contracts as of April 1, 2025, these contracts are forecasted to have hedged the price exposure on approximately 100%, 85% and 61% of SMUD’s anticipated natural gas requirements for 2025, 2026 and 2027, respectively. While the financial effects resulting from the unhedged portions of SMUD’s natural gas requirements are difficult to predict, SMUD’s financial results could be materially impacted in the event of significant increases in market prices for natural gas.

SMUD has contracted with NCGA to purchase an approximate average of 8,700 Dth/day over the remaining life of a contract expiring May 31, 2027 (the “NCGA Contract”). Under the NCGA contract, SMUD pays a discounted variable price for the fuel and anticipates periodically fixing the effective price under separate hedging contracts. Until November 1, 2023 the delivery point for the NCGA Contract was the AECO hub in Alberta. Starting November 1, 2023, to increase delivery efficiencies, SMUD has exchanged the gas delivered at the AECO hub under the NCGA Contract with gas delivered at the Malin substation at the California-Oregon border. From there SMUD is using its long-term transport capacity to deliver the fuel to the Local Gas-Fired Plants.

SMUD has also contracted with NCEA to purchase an approximately 24,600 Dth/day on average, or to be converted to the approximate cash flow value in Megawatt-hours (“MWh”) of electricity over the remaining life of a contract expiring on October 31, 2054. The gas will be delivered to the SMUD system via the Malin receipt point on the PG&E backbone system. SMUD is using its long-term transport capacity



to deliver the fuel to the Local Gas-Fired Plants. SMUD will pay a discounted variable price for the fuel and anticipates periodically fixing the effective price under separate hedging contracts.

***Renewable Natural Gas Supply.*** As a component of meeting SMUD’s RPS goals, SMUD procures renewable natural gas and digester gas as fuels to generate renewable electricity from the Cosumnes Power Plant. Descriptions of the renewable natural gas supply agreements are provided below.

In March 2009, SMUD entered into a 15-year contract (that qualifies as renewable energy) with Shell Energy North America (US), L.P. (“Shell Energy”) to purchase up to 6,000 Dth/day of renewable natural gas produced from a landfill project in Texas. SMUD began taking deliveries of this supply in April 2009. In March 2012, SMUD amended the contract with Shell Energy to increase the maximum volumes to 7,300 Dth/day and extended the term by 10 years to March 31, 2034. Currently, the delivery point is PG&E Topock. In 2016, SMUD entered into a 3-year contract with Shell Energy to sell back the entire volume of renewable natural gas purchased, less 500 Dth/day, to be sold into the vehicle transportation markets. Upon expiration of the initial 3-year contract for the sale of biogas to Shell Energy, SMUD extended the sell back of the entire volume of biogas twice for an additional three years with Element Markets (now Anew RNG, LLC), starting in 2020 and 2023. While SMUD sells the renewable natural gas, it does not count the renewable natural gas towards its RPS obligations.

SMUD contracted with Heartland Renewable Energy, LLC (“HRE”) in December 2009 for a 20-year supply of up to 7,000 Dth/day of renewable natural gas from a digester facility in Colorado. Deliveries began in March of 2014. Currently, the delivery point is Opal, Wyoming and SMUD uses its long-term transport capacity to deliver it to the Cosumnes Power Plant. HRE has not delivered volumes from the project to SMUD since December 2016 due to litigation with Weld County, Colorado regarding odor and permit issues. In June of 2020, the project was purchased and SMUD’s contract was assigned to the new owner, Platte River Biogas, LLC (“PRB”). SMUD and PRB reached a settlement in the third quarter of 2021 that resulted in terminating the contract in August of 2024.

In September 2011, SMUD and CVFA entered into a “Digester Gas Purchase and Sale Agreement” through which the Carson Project cleans nearly all of the digester gas received from Sacramento Regional County Sanitation District (“SRCSD”) and sells it to SMUD for delivery to the Cosumnes Power Plant. In return, SMUD pays all of the Carson Project’s costs in acquiring, cleaning and making the gas available to SMUD. The Digester Gas Purchase and Sale Agreement expires in September 2025. In late 2021, the Digester Gas Purchase and Sale Agreement, along with the Carson Project was transferred to SFA. The Carson Project is currently receiving, processing and selling up to 1,500 Dth/day with provisions for volume increases over time to 2,500 Dth/day. Digester gas, when designated for use in SMUD’s power plants, is counted as renewable generation towards SMUD’s RPS obligations.

In December 2011, SMUD entered into a 20-year agreement with EIF KC Landfill Gas LLC (“EIF”) to purchase up to 7,050 Dth/day of renewable natural gas produced from multiple landfill projects. SMUD began taking deliveries of this supply in January 2014. Currently the delivery point is Kern River – Opal and SMUD uses its long-term transport capacity to deliver it to the Cosumnes Power Plant. Renewable natural gas, when designated for use in SMUD’s power plants, is counted as renewable generation towards SMUD’s RPS obligations. In April 2022, SMUD entered into a transaction to sell the renewable natural gas purchased into the vehicle transportation markets. The transaction expired in March 2025. In anticipation of the expiration, SMUD issued a Request for Offers (“RFO”) to secure a new agreement for the sale of the renewable natural gas. SMUD is currently in negotiations to finalize a new contract. In the interim, SMUD is placing the renewable natural gas into storage until a new contract is executed. While SMUD sells the renewable natural gas, it does not count the renewable natural gas towards its RPS obligations.



AB 2196 is a law that defines the criteria by which existing and future renewable natural gas contracts will qualify for the State RPS program. The CEC adopted a RPS Eligibility Guidebook on April 30, 2013, which includes detailed rules for implementation of AB 2196. SMUD received an updated certificate of eligibility from the CEC in July 2014 for the Cosumnes Power Plant that included the quantities of renewable natural gas from all four contracts. The CEC adopted a revised RPS Eligibility Guidebook (Ninth Edition) on April 27, 2017. This latest guidebook did not change the RPS eligibility of any of the above SMUD renewable natural gas and digester gas contracts, but did simplify reporting requirements for these contracts.

## **Gas Transmission**

SMUD has satisfied its obligation to deliver natural gas to its power plants by constructing a natural gas pipeline, purchasing an equity interest in two PG&E backbone gas transmission lines, and contracting for capacity on a number of existing interstate natural gas transmission lines.

***The Local Pipeline.*** SMUD constructed and owns a 20-inch, 50-mile natural gas pipeline in the greater Sacramento area (the “Local Pipeline”) that transports gas to all of the Local Gas-Fired Plants except McClellan. The Local Pipeline is interconnected with PG&E’s major State gas transmission lines 300 and 401. Additionally, it may be interconnected with one or more private gas gathering pipelines located in the area, a gas storage project and/or other FERC approved pipelines that may be built in the local area. In conjunction with the construction of the Cosumnes Power Plant, SMUD extended the Local Pipeline to the plant site. The 26-mile extension was completed in 2004. The extension is 24 inches in diameter and was designed to serve both the Cosumnes Power Plant and an additional second phase, if constructed.

***PG&E Backbone Gas Transmission Lines 300 and 401.*** In 1996, SMUD purchased an equity interest in PG&E’s backbone gas transmission lines 300 and 401 (referred to as the PG&E backbone). The total capacity acquired at that time was approximately 85,000 Dth/day and consisted of approximately 43,600 Dth/day of firm gas transport from the California–Oregon border at Malin, Oregon and 44,700 Dth/day from the California–Arizona border at Topock, Arizona, to SMUD’s interconnection with the PG&E backbone near Winters, California. SMUD was also entitled to a share of non-firm capacity, which was approximately 4,360 Dth/day; making the total capacity potentially available to SMUD almost 90,000 Dth/day. This purchase made SMUD a co-owner of the PG&E backbone gas transmission lines 300 and 401 and obligated SMUD to pay PG&E to operate the pipelines on its behalf subject to the terms of the purchase agreement and operating protocols. PG&E reduced operating pressures on Line 300 after PG&E suffered a natural gas explosion in San Bruno, CA in September of 2010. Operating pressures and capacity may also fluctuate due to regulatory and other changes. As of May 1, 2025, SMUD holds a total capacity of approximately 85,500 Dth/day, consisting of approximately 47,723 Dth/day of firm gas transport from the California–Oregon border at Malin, and 37,798 Dth/day of firm gas transport from the California–Arizona border at Topock, Arizona, to SMUD’s interconnection with the PG&E backbone near Winters, California.

***Kern River Gas Transmission Company Long Term Agreement.*** SMUD has an agreement with Kern River Gas Transmission Company for 20,000 Dth/day of firm capacity through April 30, 2028. This capacity gives SMUD access to the Rocky Mountain supply basin at Opal, Wyoming, and connects to PG&E Line 300 (owned in part by SMUD) at Daggett, California.

SMUD’s diversified portfolio of gas transmission arrangements allow for the purchase of gas from a variety of suppliers and locations, and the opportunity to capitalize on regional price differentials where possible. In addition, its ownership interest in the SMUD/PG&E backbone and Local Pipeline enhances the reliability of SMUD’s gas supply.



## Gas Storage

SMUD also employs gas storage as part of its overall fuel supply strategy. Gas storage is useful in helping to balance gas supply, mitigate market price volatility, and provide a reliable supply to meet peak day delivery requirements.

SMUD has a contract with Lodi Gas Storage, LLC, which began in April 2023 and expires in March 2026, for capacity in the Lodi Gas Storage project located near Acampo in northern California. The contract provides SMUD with capacity levels of 1.0 million Dth of storage inventory, 10,000 Dth/day of injection rights and 20,000 Dth/day of withdrawal capacity.

SMUD has a contract with Wild Goose Storage LLC, that began in April 2024 (but which allows for early injection (December 2023 – March 2024)) for capacity in the Wild Goose Storage project located near Gridley in northern California. The contract provides SMUD with capacity levels of 2.0 million Dth of storage inventory, ratcheted (12,500-14,000 Dth/day) volumes of injection rights and ratcheted (10,000 – 24,000 Dth/day) volumes of withdrawal capacity.

## Power Purchase Agreements

SMUD has a number of power purchase agreements to help meet its power requirements. Some of these agreements are described below.

***Western Area Power Administration.*** Effective January 1, 2005, SMUD entered into a 20-year contract with WAPA. SMUD has entered into a replacement agreement extending the term by 30 years for the period of January 1, 2025 through December 31, 2054. Power sold under this contract is generated by the Central Valley Project (“CVP”), a series of federal hydroelectric facilities in northern California operated by the United States Bureau of Reclamation. The contract provides WAPA’s CVP Base Resource customers (including SMUD) delivery of a percentage share of project generation in return for reimbursement of an equivalent share of project costs. SMUD’s CVP Base Resource share is roughly 25% of project generation and costs. This is expected to be approximately 318 MW of capacity and 661 GWh of energy in an average water year but will vary depending on precipitation. Energy available under the contract is determined by water releases required for water supply and flood control and is then shaped into higher value periods within other CVP operating constraints. More capacity and energy are typically available in spring and summer months and less in fall and winter.

SMUD also had a contract with WAPA that expired on December 31, 2024, by which WAPA delivers additional power from projects located in the Pacific Northwest based on certain contractual parameters. In 2024, SMUD received 226 GWh of energy under this contract. SMUD has entered into a replacement agreement with WAPA for the period January 1, 2025 through December 31, 2030.

***Avangrid (formerly Iberdrola Renewables (“Iberdrola”)).*** SMUD has a contract with Avangrid that provides SMUD with bundled renewable energy (energy plus RECs). The contract agreement is for up to 126 GWh of wind power generated in Solano County, California. The SMUD Board approved an extension of the wind contract through June 30, 2025.

***Patua Project LLC.*** In April 2010, SMUD entered into a power purchase agreement with Patua Project LLC (“Patua”), a subsidiary of Gradient Resources, for the delivery of up to 132 MW (expected to be 120 MW nominal power output) of renewable energy from geothermal generation being developed in north central Nevada, from a Gradient Resources project known as the Patua Project. The Patua Project was to have been developed in three phases. Since 2010, the agreed upon capacity has been reduced several times. In December 2013, Phase 1 of the project, which had been reduced to 30 MW, finally achieved



commercial operation. In 2014, the parties concluded negotiations on the fourth amendment to the power purchase agreement with Patua, which reduced the total capacity down to 40 MW, extended the commercial operation date of Phase 2 to January 1, 2016, and allowed Patua to add up to 13 MW of solar photovoltaics to supplement geothermal production. In addition, this amendment shifted responsibility to Patua for a portion of the long-term transmission service agreements that have been underutilized due to the project not meeting its targets. In November 2015, the Patua Project was acquired by TL Power, LLC, a wholly owned subsidiary of Cyrq Energy, Inc. (“Cyrq”). In December 2015, Cyrq terminated Phase 2. Upon termination of Phase 2, the contractual right for Cyrq to add solar photovoltaics to supplement geothermal production was reduced to 10 MW. As a result of poor performance during the first year of operation, SMUD reduced its obligation to take power from 30 MW to 25 MW. Performance continued to lag in 2015 and 2016 and SMUD further reduced its obligation to take power from 25 MW to 19 MW.

**Renewable Energy Feed-In Tariff.** In September 2009, SMUD’s Board authorized a feed-in tariff program for the purchase of renewable energy from local renewable energy projects connected to SMUD’s distribution system. SMUD’s Board authorized connection of up to 100 MW under the feed-in tariff which included standard payment rates and standard purchase terms for power. The feed-in tariff program became effective on January 1, 2010. Under the feed-in tariff, SMUD has executed 20-year term power purchase agreements for solar projects totaling 98.5 MW. Construction and start-up were completed on all projects between 2010 and 2012.

**CalEnergy LLC.** In August 2014, SMUD entered into a 22-year power purchase agreement with CalEnergy LLC for the purchase of 30 MW per year of renewable energy from its Salton Sea geothermal facilities. As of July 1, 2017, SMUD began receiving up to 10 MW from the CalEnergy portfolio, which escalated to the full 30 MWs on May 1, 2020.

**Rancho Seco Solar.** In October 2015, SMUD entered into a 20-year power purchase agreement with Rancho Seco Solar LLC for the purchase of energy from a 10.88 MW solar PV project sited on SMUD’s property at the closed Rancho Seco Nuclear Generating Station. Commercial operation was achieved in August of 2016. Rancho Seco Solar LLC leased the property from SMUD under a land lease agreement. The output of this project directly serves two large commercial customers that executed agreements with SMUD for retail supply of solar power.

In May 2019, SMUD entered into a 30-year power purchase agreement for an additional 160 MW solar PV project with Rancho Seco Solar II, LLC. The project is located on SMUD-owned property at the closed Rancho Seco Nuclear Generating Station, adjacent to the existing 10.88 MW solar PV project. Construction began in 2019, and the project became commercially operable in February 2021.

**Grady Wind Energy.** In October 2015, SMUD entered into a 25-year power purchase agreement with Grady Wind Energy LLC (“Grady”) for the purchase of energy from a 200 MW wind project located in New Mexico (the “Grady Project”). The Grady Project began commercial operations on August 5, 2019. Energy from the Grady Project is delivered to CAISO. SMUD purchases 100% of the Grady Project output which includes energy, renewable energy credits, and capacity attributes.

**Great Valley Solar 2, LLC.** In January 2017, SMUD entered into a 20-year power purchase agreement with Great Valley Solar 2, LLC for the purchase of energy from a 60 MW solar PV project located in Fresno County, California. The project’s commercial operation date was December 28, 2017.

**ARP-Loyalton Cogen LLC.** On September 14, 2016, Senate Bill 859 (“SB 859”) was signed into law. Under SB 859, a POU must procure its proportionate share of 125 MW of renewable energy from biomass plants burning high hazard forest fuels, subject to terms of at least five years. Seven POUs (SMUD, MID, Turlock Irrigation District (“TID”), Anaheim Public Utilities, Imperial Irrigation District, Los



Angeles Department of Water & Power and Riverside Public Utilities, collectively described herein as the “ARP-Loyalton POU”) jointly solicited proposals for up to 29 MW of contract capacity for renewable energy to meet the requirements of SB 859. In January 2018, SMUD entered into a five-year power purchase agreement with ARP-Loyalton Cogen LLC to fulfill 18 MW of the required 29 MW with SMUD’s share being just over 23 percent (the “ARP-Loyalton PPA”). See “—*Roseburg Forest Product Co.*” below for a discussion of the remaining SB 859 capacity. The contract became effective on April 1, 2018. On February 18, 2020, ARP-Loyalton Cogen LLC filed for Chapter 11 bankruptcy and stopped producing and selling energy from the biomass plant. On May 7, 2020, the bankruptcy court approved the sale of the Loyalton facility to Sierra Valley Enterprises, LLC (“SVE”). SVE initially expressed interest in bringing the facility back into service; however, the bankruptcy trustee requested repeated extension of the deadline for SVE to accept or reject the ARP-Loyalton PPA. The latest deadline was April 19, 2023, the date of expiration of the ARP-Loyalton PPA term. As SVE did not resume operations before the end of the ARP-Loyalton PPA term, the ARP-Loyalton POU have negotiated a settlement agreement with the bankruptcy trustee (the “ARP-Loyalton Settlement Agreement”). The ARP-Loyalton Settlement Agreement, which SMUD executed and is filed with the court, defines funds from the performance security that the ARP-Loyalton POU will keep to cover legal and administrative fees, along with a contingency amount to cover potential risk of future damages. Since the ARP-Loyalton POU entered into a five-year agreement to procure compliant biomass and provided SVE the opportunity to accept the ARP-Loyalton PPA and restart operations, the ARP-Loyalton POU consider their statutory obligations to have been fulfilled.

***Roseburg Forest Products Co.*** For the remaining SB 859 biomass obligation of 11 MW, SMUD and the other ARP-Loyalton POU have entered into a five-year power purchase agreement with Roseburg Forest Products Co. SMUD’s share of the contract capacity is 2.5795 MW, and the plant began operating under the contract on February 26, 2021.

***Sutter Energy Center.*** SMUD entered into an initial two-year contract (with a third-year exercisable option) with Calpine Energy Services, L.P. (“Calpine”) for the ability to schedule up to 258 MW of energy from Sutter Energy Center. The Sutter Energy Center is a natural gas-fired, combined-cycle facility located in Yuba City, California. The initial contract became effective on April 1, 2018. SMUD exercised its option to extend the contract, which expired November 1, 2020. SMUD entered into a new contract with Calpine for the same 258 MW of energy that became effective January 1, 2021, and had an original expiration date of January 1, 2024. In December 2021, SMUD extended this contract through December 31, 2026.

***Drew Solar, LLC.*** In June 2018, SMUD entered into a 30-year power purchase agreement with Drew Solar, LLC for the purchase of energy from a 100 MW solar PV project located in Imperial County, California. The project’s scheduled commercial operation date was set to be December 31, 2021. The commercial operation date was delayed due to Force Majeure claims surrounding the COVID pandemic and supply chain constraints caused by changes in Federal regulatory requirements. The project began commercially operating on November 3, 2022.

***Wildflower Solar.*** In October 2018, SMUD entered into a 25-year power purchase agreement with Wildflower Solar I, LLC, for the purchase of energy, capacity, and RECs from a 13 MW solar PV project located in Rio Linda, California. The project began commercially operating on December 18, 2020.

***Coyote Creek (Formerly Sacramento Valley Energy Center, LLC.)*** In August 2021, SMUD entered into a 30-year power purchase agreement with Sacramento Valley Energy Center, LLC for the purchase of energy from a 200 MW solar PV and 100 MW four-hour Battery Energy Storage System (“BESS”) capacity project located in Sacramento County, California. The project’s commercial operation date was originally expected to be December 31, 2023, but has been delayed to 2028 due to ongoing development and permitting delays.



***SloughHouse Solar, LLC.*** In September 2021, SMUD entered into a 30-year power purchase agreement with SloughHouse Solar, LLC for the purchase of energy from a 50 MW solar PV project located in Sacramento County, California. The project’s commercial operation date was originally expected to be December 31, 2023, but the commercial operation date has been delayed to June 30, 2025 due to ongoing development and permitting delays. The Sloughhouse Solar Project began construction in 2024.

***Country Acres Solar.*** In November 2023, SMUD entered into a 30-year power purchase agreement with Country Acres Clean Power LLC for the purchase of energy from a 344 MW solar PV project, with a 20-year term for 172 MW four-hour BESS capacity, located in Placer County, California. The project’s commercial operation date is expected to be December 15, 2026. The Country Acres Project began construction in 2024.

***Geysers Power Company, LLC.*** In March 2021, SMUD executed a 10-year power purchase agreement with Geysers Power Company, LLC for 100 MW of energy and capacity from the Geysers geothermal energy plant located in Lake and Sonoma Counties, California. SMUD started to receive deliveries on January 1, 2023.

***Grace Orchard Energy Center, LLC.*** In July 2024, SMUD entered into a 20-year power purchase agreement with Grace Orchard Energy Center, LLC. for the purchase of 70 MW from the project located in Riverside County, California. The Grace Orchard Energy Center project is expected to begin operations December 2027. The power purchase agreement includes energy and RECs from the project. The seller will seek CAISO Transmission Project (“TP”) Deliverability for the project. If TP Deliverability is received, the agreement will also include capacity.

***SunZia Wind PowerCo LLC.*** In December 2024, SMUD entered into a 15-year power purchase agreement with SunZia Wind PowerCo LLC for the purchase of 150 MW from the project located in New Mexico. The SunZia Wind Project is expected to begin operations in 2026. Energy from the SunZia Wind Project will be delivered to CAISO. The power purchase agreement includes energy, capacity, and RECs from the project.

***Hatchet Ridge Wind, LLC.*** In December 2024, SMUD entered into a 7-year power purchase agreement with Hatchet Ridge Wind, LLC for energy, capacity, and RECs from the Hatchet Ridge Wind Project. The 101.2 MW project is located near Burney, CA and began commercial operations in 2010. The contract start date is December 14, 2025.

***Sanborn 2 Solar.*** SMUD has entered into a contract with Sanborn 2 PV I, LLC (“S2PVI”) with an effective date of October 4, 2024. The agreement provides for the purchase of RECs associated with energy generated by the 46 MW Sanborn 2 solar project located in Mojave, California. The contract term begins on the scheduled commercial operation date of January 1, 2027, and continues through December 31, 2034. Under the terms of the agreement, SMUD will receive RECs associated with bundled energy generated during the delivery period; however, S2PVI retains all revenues from energy sales, and SMUD will be obligated only to pay for the RECs. The RECs procured under this agreement are expected to contribute toward SMUD’s renewable energy goals and support long-term resource planning objectives.

## **Transmission Service Agreements**

***TANC California-Oregon Transmission Project.*** The 340-mile COTP is one part of a three 500-kV line coordinated system known as the California-Oregon Intertie (“COI”). The COTP was allocated one-third of the 4,800 MW capability of the COI system (see related agreements below). TANC was entitled to use 1,390 MW and is obligated to pay approximately 80% of the operating costs of the COTP. SMUD is a member of TANC and a party to Project Agreement No. 3 (“PA3”), under which it was entitled



to 383 MW and obligated to pay on an unconditional take-or-pay basis about 27.6% of TANC's COTP debt service and operations costs, subject to a "step-up" obligation of up to 25% of its entitlement share upon the un-remedied default of another TANC member-participant. In 2009, SMUD entered into a long-term layoff agreement with certain members that increased SMUD's entitlement by 35 MW. In 2014, SMUD entered into another long-term layoff agreement with certain other members that increased SMUD's COTP entitlements by 128 MW and amended the 2009 layoff agreement that returned 13 MW to a member. In January 2024, SMUD entered into an agreement to extend the 2009 long-term layoff agreement with certain members to January 31, 2034. On April 1, 2025, the COI was rerated to a capacity of 5,100 MW, proportionately increasing the amount of the COTP's capacity to 1,700 MW. The amount of capacity available to TANC [and Water Districts] increased proportionately from 1,417 MW to 1,505 MW. Including layoffs from other TANC members, SMUD's current entitlement is approximately 569 MW of TANC's transfer capability for imports, and SMUD is obligated to pay approximately 37.8% of TANC's COTP debt service and operations costs.

SMUD's payments under this contract, like SMUD's payments under its other power purchase and transmission service agreements, are treated as "Maintenance and Operation Costs" or "Energy Payments" under the resolutions securing the Senior Bonds and Subordinated Bonds (each as defined under the caption "CAPITAL REQUIREMENTS AND OUTSTANDING INDEBTEDNESS" below). SMUD relies on its COTP rights to purchase power, access contingency reserves through the Western Power Pool, and obtain renewable resources to supplement its own resources to serve its load. TANC maintains its own property/casualty insurance program. TANC's budget is about \$45.6 million for 2025. SMUD's obligation of the TANC budget is about \$17.5 million for 2025.

***TANC Tesla-Midway Transmission Service.*** TANC has a long-term contract with PG&E to provide TANC with 300 MW of transmission service between PG&E's Midway Substation and the electric systems of the TANC Members (the "Tesla-Midway Service"). SMUD's share of the Tesla-Midway Service is 46 MW.

***Bonneville Power Administration.*** In 2009, SMUD entered into a transmission service agreement with the Bonneville Power Administration ("BPA") for 60 MW of firm point-to-point transmission service from BPA's Hilltop substation in northeastern California to the Malin substation at the California-Oregon border for the purpose of transmitting power under SMUD's power purchase agreement with Gradient Resources for Phase 1 of the Patua geothermal project over BPA's 230kV transmission lines. In early 2013, in accordance with BPA's transmission tariff, the transmission service was split into two 30 MW services and deferred as appropriate to better fit the timing of expected commercial operation of Phase 1 and Phase 2 of the Patua Project. See "POWER SUPPLY AND TRANSMISSION – Power Purchase Agreements – Patua Project LLC." SMUD submitted another request for the 30 MW of transmission procured for Phase 2 of the Patua Project to split the service into a 10 MW and a 20 MW service, with the 10 MW of service deferred and timed with the originally expected commercial operation date of Phase 2 of the Patua Project. With the termination of Phase 2 of the Patua Project and SMUD's reduced obligation due to the poor performance of Phase 1 of the Patua Project, much of the transmission reserved for it will no longer be needed. BPA does not have a provision in its transmission tariff for early termination of transmission service. However, the power purchase agreement with Patua requires Patua to cover unused transmission that SMUD has procured for the Patua purchases. On January 1, 2020, SMUD's transmission rights with BPA were reduced to 19 MW. This now aligns with SMUD's PacifiCorp transmission rights of 19 MW described in the immediately following paragraph.

***PacifiCorp.*** In 2009, SMUD entered into a transmission service agreement with PacifiCorp for 60 MW of firm point-to-point transmission service across PacifiCorp's high voltage step-up transformer at the Malin substation at the California-Oregon border for the purpose of transmitting power under SMUD's power purchase agreement with Gradient Resources for Phase 1 of the Patua Project. In early 2013, in



accordance with PacifiCorp's transmission tariff, the commencement of the 60 MW of transmission service was deferred to fit the timing of first deliveries expected from the 30 MW of Phase 1 of the Patua Project. In 2013, SMUD terminated the 60 MW of transmission service and requested two new transmission services of 30 MW each, with service start dates timed to better fit with the expected start dates of Phase 1 and Phase 2 of the Patua Project. With the reduction in expected output of the Patua Project, SMUD terminated the second 30 MW transmission agreement, and replaced it with a 10 MW transmission service agreement for Phase 2 of the Patua Project. With the termination of Phase 2 of the Patua Project, SMUD terminated the 10 MW Pacificorp transmission service agreement and as a result of the reduced obligation to take power from the Patua Project, SMUD has reduced its remaining Pacificorp transmission service from 30 MW to 19 MW.

***Western Area Power Administration.*** SMUD does not have a direct interconnection of its power system to the COTP. To receive power deliveries that use its COTP rights, SMUD has a long-term transmission service agreement with WAPA for transmission of 342 MW of power from the COTP line (received at WAPA's Tracy or Olinda substations) to SMUD's system. In May of 2011, WAPA completed the Sacramento Voltage Support Transmission Project. Completion of this project has given SMUD an additional 165 MW of transmission service rights on WAPA's system from the COTP at the Olinda Substation to SMUD's system at the Elverta Substation.

## **Projected Resources**

The following tables titled "Projected Requirements and Resources to Meet Load Requirements Energy Requirements and Resources" (the "Energy Table") and "Capacity Requirements and Resources Net Capacity – Megawatts" (the "Capacity Table") describe SMUD's contracted commitments and owned resources available to meet its forecasted load requirements through the year 2034. Resources are shown on an annualized basis with market purchases netted against surplus sales to arrive at a single net position for each year. Because SMUD's available resources do not exactly match its actual load requirements on an hourly basis, there are times during a year when resources available will either exceed or be insufficient to meet SMUD's needs. Expected actual capacity values are included in the tables. These values may differ from measured net demonstrated capacity values of the Local Area Gas-Fired Plants. The table below also includes the impact energy efficiency has on resource requirements as discussed below under "Demand Side Management Programs." See "BUSINESS STRATEGY" and "POWER SUPPLY AND TRANSMISSION – Power Generation Facilities – *Local Gas-Fired Plants.*"

Resources listed in both the Energy Table and the Capacity Table are listed as either renewable or non-renewable. Generally, SMUD follows the CEC guidelines for eligibility requirements. Some of SMUD's renewable resources listed include solar, wind, geothermal, small hydroelectric facilities with a capacity of 30 MW or less, and biomass (representing generation from a fuel comprised of agricultural wastes and residues, landscape and tree trimmings, wood and wood waste).

As in any forecast, assumptions are made. In both the Energy Table and the Capacity Table the WAPA and UARP forecasts assume average water conditions throughout the period. On the capacity table, WAPA and Cosumnes Power Plant renewable capacity is estimated based on the ratio of renewable energy to total WAPA or Cosumnes Power Plant energy. See "POWER SUPPLY AND TRANSMISSION – Power Generation Facilities – *Hydroelectric.*"

The Uncommitted Purchases (Sales) on the tables represent either anticipated future needs or surpluses. Future needs are met well in advance of delivery. They also include both renewable and non-renewable resources.



The Transmission Losses represent reductions in the amount of energy or capacity from the location it was purchased to the point of entering SMUD's electrical system. This amount reduces the Total Resources available to meet the Total Projected Energy Requirements of the electrical system.

### **Demand Side Management Programs**

SMUD's demand-side management initiatives represent an integral element of its total resource portfolio, and are organized into two major components: energy efficiency and load management programs. Energy efficiency offerings include a wide variety of programs and services to customers to retrofit or upgrade existing equipment and fixtures and to install new energy efficiency measures in existing and new construction facilities. Load management allows SMUD to reduce the load on the electric system by cycling residential air conditioning, and calling upon commercial/industrial customers to curtail energy usage when energy is constrained during the summer or system emergencies. Load management programs are projected to allow SMUD to shed approximately 60 MW of peak load in an emergency on a hot day, representing about 2% of SMUD's maximum system peak demand.

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**PROJECTED REQUIREMENTS AND RESOURCES TO MEET  
LOAD REQUIREMENTS  
ENERGY REQUIREMENTS AND RESOURCES (GWh)<sup>(1)</sup>**

	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>	<u>2034</u>
<b>Renewable Resources</b>										
<u>District or Joint Powers Authority Owned</u>										
UARP – Small Hydro <sup>(2)</sup>	99	97	90	93	99	93	96	95	96	96
Solano Wind	900	906	905	838	836	936	936	937	936	936
<u>Purchases</u>										
Western (WAPA) – Small Hydro <sup>(2)</sup>	21	19	19	15	15	15	15	15	15	15
Patua (Gradient/Vulcan) – Geothermal	146	146	146	147	147	147	147	147	147	147
Cal Energy – Geothermal	223	223	223	224	223	223	223	224	223	223
Geysers – Geothermal	876	876	876	830	828	828	828	830	0	0
Iberdrola - Wind	34	0	0	0	0	0	0	0	0	0
Grady - Wind	897	897	897	937	934	934	934	937	934	934
Hatchet Ridge – Wind	0	270	270	288	288	288	288	288	0	0
Sunzia – Wind	0	0	302	476	473	473	473	476	473	473
Recurrent SolarShares	171	171	171	169	169	166	166	167	163	163
Rancho Seco (1&2) - Solar	352	350	348	347	345	344	342	340	339	339
Feed-in-Tariff Photovoltaic - Solar	208	207	206	205	204	203	202	60	0	0
Wildflower – Solar	31	31	31	32	33	31	32	32	32	32
Navajo - Solar	298	297	296	302	302	302	302	302	302	302
Sloughhouse – Solar	66	131	130	125	124	124	125	124	124	124
Country Acres – Solar Hybrid	0	0	540	762	761	761	761	762	761	761
Grace Solar	0	0	10	203	202	201	200	199	198	198
Other Long-Term Contracts	137	28	6	6	6	6	6	6	6	1
Future Uncommitted Renewables	0	0	0	417	991	3,489	5,915	5,929	7,223	7,223
<b>Total Renewable Resources</b>	<b>4,459</b>	<b>4,647</b>	<b>5,465</b>	<b>6,418</b>	<b>6,980</b>	<b>9,563</b>	<b>11,990</b>	<b>11,871</b>	<b>11,972</b>	<b>11,966</b>
<b>Carbon Free Non-Renewable Resources</b>										
<u>District or Joint Powers Authority Owned</u>										
Cosumnes-Shell Landfill Gas and Digester										
Gas	53	57	52	0	0	651	651	653	622	622
UARP – Large Hydro <sup>(2)</sup>	1,677	1,580	1,574	1,424	1,420	1,408	1,420	1,408	1,423	1,423
<u>Purchases</u>										
Western (WAPA) – Large Hydro <sup>(2)</sup>	628	582	582	646	646	646	646	646	646	646
Western (WAPA) Customers (Wheeling) <sup>(2)</sup>	36	34	34	34	34	34	34	34	34	34
Committed Purchases	0	0	0	0	0	0	0	0	0	0
Future Uncommitted Carbon Free	0	0	0	586	2,345	2,345	2,342	2,337	2,342	2,306
<b>Total Carbon Free Non-Renewable Resources</b>	<b>2,395</b>	<b>2,252</b>	<b>2,242</b>	<b>2,690</b>	<b>4,445</b>	<b>5,084</b>	<b>5,092</b>	<b>5,078</b>	<b>5,066</b>	<b>5,030</b>
<b>Non-Renewable Resources</b>										
<u>District or Joint Powers Authority Owned</u>										
Cosumnes Power Plant	3,710	3,936	3,605	2,188	782	0	0	0	0	0
Procter & Gamble Project	679	661	541	46	51	35	32	37	24	24
Carson Project	367	367	276	1	2	1	0	0	0	0
Campbell Soup Project	597	608	477	11	6	0	0	0	0	0
McClellan	1	0	0	0	0	0	0	0	0	0
<u>Purchases</u>										
Calpine Sutter	1,270	1,477	969	1,356	0	0	0	0	0	0
<b>Total Non-Renewable Resources</b>	<b>6,624</b>	<b>7,049</b>	<b>5,868</b>	<b>3,602</b>	<b>841</b>	<b>36</b>	<b>32</b>	<b>37</b>	<b>24</b>	<b>24</b>
<b>Total Resources</b>	<b>13,477</b>	<b>13,949</b>	<b>13,575</b>	<b>12,710</b>	<b>12,266</b>	<b>14,683</b>	<b>17,114</b>	<b>16,985</b>	<b>17,062</b>	<b>17,020</b>
Uncommitted Purchases / (Sales)	(2,475)	(2,819)	(2,279)	(1,171)	(600)	(2,805)	(5,044)	(4,661)	(4,509)	(4,152)
Transmission Losses (COTP/CVP)	(17)	(3)	(1)	(43)	(16)	(16)	(16)	(16)	(16)	(16)
<b>Total Projected Energy Requirements</b>	<b>10,986</b>	<b>11,126</b>	<b>11,358</b>	<b>11,294</b>	<b>11,650</b>	<b>11,862</b>	<b>12,054</b>	<b>12,308</b>	<b>12,537</b>	<b>12,852</b>
Energy Efficiency (EE)	44	67	92	116	135	154	171	188	212	220
Customer PV	42	85	126	222	276	329	381	433	482	530
Expected Electric Vehicle (EV) Charging	(160)	(280)	(412)	(555)	(709)	(871)	(1,028)	(1,198)	(1,388)	(1,603)
Electric Building (EB)	(24)	(43)	(66)	(94)	(132)	(180)	(239)	(304)	(374)	(446)
Battery Storage (Utility)	(1)	(1)	(2)	(27)	(37)	(50)	(63)	(79)	(93)	(93)
<b>Total Gross Energy Requirements before EE, PV and EV Charging</b>	<b>10,887</b>	<b>10,955</b>	<b>11,032</b>	<b>11,156</b>	<b>11,183</b>	<b>11,244</b>	<b>11,276</b>	<b>11,347</b>	<b>11,375</b>	<b>11,460</b>

(1) Totals may not sum due to rounding. [Excludes a potential carbon sequestration power purchase agreement that SMUD is considering.]

(2) 2025 based on current precipitation levels as of [\_\_\_\_]. All other years assume average precipitation.



**CAPACITY REQUIREMENTS AND RESOURCES**  
**NET CAPACITY – MEGAWATTS<sup>(1)</sup>**

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<b>Load:</b>										
<b>Planned Peak</b>	<b>2,977</b>	<b>2,990</b>	<b>3,017</b>	<b>3,024</b>	<b>3,029</b>	<b>3,064</b>	<b>3,077</b>	<b>3,086</b>	<b>3,100</b>	<b>3,120</b>
Transmission Losses	29	29	29	28	28	28	28	28	28	28
Dispatchable Demand Resource	(75)	(75)	(75)	(172)	(192)	(206)	(183)	(211)	(237)	(265)
<b>Adjusted Peak</b>	<b>2,931</b>	<b>2,944</b>	<b>2,971</b>	<b>2,880</b>	<b>2,865</b>	<b>2,886</b>	<b>2,921</b>	<b>2,902</b>	<b>2,891</b>	<b>2,882</b>
Reserve Margin	513	515	520	504	501	505	511	508	506	504
<b>Adjusted Peak with Reserves</b>	<b>3,443</b>	<b>3,459</b>	<b>3,490</b>	<b>3,384</b>	<b>3,366</b>	<b>3,391</b>	<b>3,432</b>	<b>3,410</b>	<b>3,396</b>	<b>3,387</b>
<b>Renewable Resources</b>										
<u>District or Joint Powers Authority Owned</u>										
UARP – Small Hydro	45	45	45	45	45	45	45	45	45	45
Solano Wind	114	108	132	140	125	162	161	174	154	153
<u>Purchases</u>										
Western (WAPA) – Small Hydro	8	9	9	9	9	9	9	9	9	9
Patua (Gradient/Vulcan) – Geothermal	12	12	12	12	12	12	12	12	12	--
Cal Energy – Geothermal	26	26	26	26	26	26	26	26	26	26
Geyers – Geothermal	100	100	100	100	100	100	100	100	--	--
Grady – Wind	51	46	14	15	65	56	62	61	62	67
Hatchet Ridge - Wind	--	26	32	34	30	34	34	37	--	--
Sunzia - Wind	--	--	51	50	57	53	46	50	48	45
Recurrent Solar Shares	35	36	17	12	20	9	7	7	7	7
Rancho Seco (1&2) - Solar	58	67	22	160	161	161	161	160	161	161
Feed-in-Tariff Photovoltaic - Solar	27	31	9	5	15	6	6	3	--	--
Wildflower - Solar	3	3	1	1	2	1	1	1	1	1
Navajo - Solar	45	46	17	9	25	10	8	7	12	12
Sloughhouse - Solar	--	36	18	12	25	14	13	10	13	12
Country Acres - Solar Hybrid	--	--	235	208	292	240	231	218	231	231
Other Long-Term Contracts	16	3	3	3	3	3	3	3	3	0
Generic Renewables Solar, Wind	--	--	--	--	9	126	276	305	397	394
Generic Firm Renewables (Geo)	--	--	--	50	50	100	100	100	200	200
Future Uncommitted Renewables	--	--	--	50	59	226	376	405	597	594
<b>Total Renewable Resources</b>	<b>538</b>	<b>594</b>	<b>742</b>	<b>891</b>	<b>1,071</b>	<b>1,166</b>	<b>1,301</b>	<b>1,328</b>	<b>1,382</b>	<b>1,363</b>
<b>Carbon Free Non-Renewable Resources</b>										
<u>District or Joint Powers Authority Owned</u>										
Cosumnes – Shell Landfill Gas and Digester Gas	--	--	--	--	--	576	576	576	576	576
Carson Project <sup>(2)</sup>	--	--	--	--	--	103	103	103	103	103
Procter & Gamble Project <sup>(2)</sup>						166	166	166	166	166
UARP - Large Hydro	652	652	652	652	652	652	652	652	652	652
Hedge - Storage	4	4	4	4	4	4	4	4	4	4
<u>Purchases</u>										
Western (WAPA) – Large Hydro	270	304	304	304	304	304	304	304	304	304
Western (WAPA) Customers (Wheeling)	17	18	18	18	18	18	18	18	18	18
Future Uncommitted Carbon Free				200	515	645	645	645	683	683
<b>Total Carbon Free Non-Renewable Resources</b>	<b>943</b>	<b>978</b>	<b>978</b>	<b>1,178</b>	<b>1,493</b>	<b>2,468</b>	<b>2,468</b>	<b>2,468</b>	<b>2,506</b>	<b>2,506</b>
<b>Non-Renewable</b>										
<u>District or Joint Powers Authority Owned</u>										
Cosumnes Power Plant	576	576	576	576	576	--	--	--	--	--
Carson Project	103	103	103	103	103	--	--	--	--	--
Procter & Gamble Project	166	166	166	166	166	--	--	--	--	--
McClellan	72	72	72	72	72	--	--	--	--	--
Campbell Soup Project	170	170	170	170	170	--	--	--	--	--
<u>Purchases</u>										
Calpine Sutter	258	258	258	258	--	--	--	--	--	--
Firm Contract Reserves <sup>(3)</sup>	15	17	17	17	17	17	17	17	17	17
Committed Purchases	540	--	--	--	--	--	--	--	--	--
<b>Total Non-Renewable Resources</b>	<b>1,900</b>	<b>1,362</b>	<b>1,362</b>	<b>1,362</b>	<b>1,104</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>17</b>
<b>Total Variable Renewable Diversity Benefit/(Risk)</b>	<b>64</b>	<b>41</b>	<b>195</b>	<b>255</b>	<b>181</b>	<b>277</b>	<b>321</b>	<b>347</b>	<b>310</b>	<b>329</b>
Uncommitted Purchases / (Sales)	(1)	485	214	(302)	(482)	(537)	673)	(749)	(818)	(828)
<b>Total Resources</b>	<b>3,443</b>	<b>3,459</b>	<b>3,490</b>	<b>3,384</b>	<b>3,366</b>	<b>3,391</b>	<b>3,432</b>	<b>3,410</b>	<b>3,396</b>	<b>3,387</b>

<sup>(1)</sup> Values provided for July (SMUD's peak month). Based on information available as of [\_\_\_\_]. Totals may not sum due to rounding. Capacity values for wind, solar, storage, and future variable renewable projects shown are based on resource ELCC modeling. [Excludes a potential carbon sequestration power purchase agreement that SMUD is considering.]

<sup>(2)</sup> Assumes resource is fueled with existing renewable natural gas supply. See "POWER SUPPLY AND TRANSMISSION – Fuel Supply – *Renewable Natural Gas Supply*."

<sup>(3)</sup> SMUD assumes that for all firm system purchases, the suppliers will be planning 5% reserves.



## Balancing Authority Area Agreements

**Background.** SMUD began operating as an independent control area, later termed a Balancing Authority, on June 18, 2002 within the WECC reliability organization's region. This reduced SMUD's exposure to the costs and reliability risks of the CAISO's markets. SMUD expanded its operational footprint beyond SMUD's service territory to include WAPA's electric system, including the MID, Roseville, and Redding service areas (on January 1, 2005) and the COTP (on December 1, 2005). As described further below, SMUD ceased to be the Balancing Authority on April 30, 2011, as BANC took SMUD's place as the Balancing Authority. SMUD remains the operator of the Balancing Authority through a contract with BANC. SMUD administers the contracts with WAPA and TANC to provide specified Balancing Authority-related and other services, and is compensated by WAPA and TANC. TANC recovers such Balancing Authority services costs as a part of its annual operating budget from the COTP Participants and WAPA recovers its Balancing Authority services costs through its rates for power and transmission service. The agreement with WAPA, among other terms, establishes operating procedures and reserve obligations between the parties and terminates on December 31, 2026. WAPA in turn has agreements with electric systems connected to it to assure that such systems also operate reliably (i.e., MID, Roseville and Redding). As a result of the transition to BANC as the Balancing Authority, SMUD assigned or terminated its interconnection and operations agreements with other interconnecting Balancing Authority areas (i.e., CAISO, BPA and TID). BANC is now the party to these agreements as they primarily address only Balancing Authority matters required for compliance with the reliability standards issued by the North American Electric Reliability Corporation ("NERC"), such as emergency assistance arrangements. See also "OTHER FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY – Western Energy Imbalance Market."

**Reliability Standards.** The Energy Policy Act of 2005 gave FERC authority to enforce reliability standards for the bulk electric system. In June 2007, these standards became mandatory for SMUD and BANC.

In 2022, SMUD and BANC underwent a combined NERC/WECC audit to evaluate compliance with applicable reliability standards. These audits occur every three years. At the conclusion of the audit, regulators determined that neither entity had any compliance violations related to the Operations and Planning or Critical Infrastructure Protection Standards. SMUD and BANC are currently undergoing another NERC/WECC audit with results expected sometime in 2025.

**Balancing Authority of Northern California.** SMUD, MID, Redding and Roseville executed a Joint Exercise of Powers Agreement (the "BANC JPA Agreement") creating BANC on May 8, 2009. BANC became operational on May 1, 2011 as a Balancing Authority and replaced SMUD as the entity responsible for Balancing Authority-related reliability standards. Since that time, the Trinity Public Utilities District and the City of Shasta Lake have also become members of BANC. As provided in the BANC member agreement, liability for penalties associated with such Balancing Authority-related reliability standards are shared on a *pro rata* basis among the members of BANC. SMUD is the Balancing Authority operator under contract and performs Balancing Authority operational functions on behalf of BANC, much as it did when it was the Balancing Authority. The BANC JPA Agreement assigns cost responsibility based on member load within the BANC Balancing Authority, with SMUD representing approximately 70% of the total load.

## Western Power Pool Agreement

The Western Power Pool ("WPP") is an agreement among over 30 utilities and public agencies in the western United States to coordinate contingency reserve sharing, referred to as the WPP Reserve Sharing Program ("RSP"). The RSP permits participants to rely on one another in the event that any



participant experiences a generating resource outage. While SMUD became an RSP participant in 2009, participation is limited to Balancing Authorities, which SMUD relinquished to BANC in 2011. Under the RSP, BANC and TID (also a WPP member) share their reserve amounts and when necessary and when sufficient unused COTP rights and capacity are available, may call upon WPP reserves from the RSP member systems in the Pacific Northwest. The WPP RSP permits members to operate more efficiently by reducing the contingency reserves that they would otherwise need to have available if they could not rely on each other.

## **Other Interconnection Agreements**

**Background.** SMUD's electric system was originally purchased from PG&E in 1946. SMUD's service area is mostly surrounded by PG&E's and WAPA's service areas. The SMUD and PG&E electric systems are interconnected at SMUD's Rancho Seco and Lake 230-kV substations. SMUD and WAPA are interconnected at SMUD's Hurley, Elverta, Natomas and Folsom 230-kV substations.

**PG&E Interconnection Agreement.** PG&E and SMUD executed a Replacement Interconnection Agreement ("RIA") which became effective on January 1, 2010. The RIA provides that SMUD and PG&E operate their interconnections reliably, plan their electric systems to meet their load requirements, and avoid or mitigate impacts they cause by certain electric system modifications. The agreement had an original termination date of December 31, 2024, which was extended through December 31, 2025 to allow PG&E to complete a settlement process with TID as described below. SMUD and other northern California utilities have similar interconnection agreements with PG&E, albeit with different expiration dates. PG&E filed a successor interconnection agreement with one of these utilities, TID, on November 1, 2023, to become effective on January 1, 2024. Many interconnection customers, including SMUD, intervened and submitted comments or protests in the FERC docket. TID and PG&E held settlement discussions and ultimately agreed on a successor interconnection agreement that was filed at FERC for approval on April 17, 2025. PG&E will likely seek to negotiate a successor interconnection agreement with SMUD which will be informed by the TID settlement agreement. While some functional mechanisms in the interconnection agreement may change, SMUD expects that its successor interconnection agreement will substantially preserve the balance of burdens and benefits consistent with FERC's standard of requiring rates and terms of service that are just and reasonable. SMUD expects this process to be completed by the extended expiration date of the RIA.

**PG&E Generator Interconnection Agreements.** SMUD signed a Large Generator Interconnection Agreement ("LGIA") with CAISO and PG&E for the Solano 3 Wind Project, effective December 16, 2008, with a 50-year term. The Solano 2 Wind Project has interconnection rights granted through a LGIA, also with the CAISO and PG&E. The agreement became effective in January 2010 and has a term of 20 years. On June 3, 2021, SMUD entered into a LGIA with the CAISO and PG&E, for the planned 90.8 MW Solano 4 Wind project with a 10-year term and automatic renewal for successive one-year terms thereafter. On February 27, 2023, SMUD completed a combined LGIA amendment administrative process which combines the Solano 2, 3 & 4 projects into one Solano Wind Project. The original agreement conditions for the individual projects are carried forward with a new combined project maximum production limit of 320.8 MW at the point of interconnection at the Russell Substation.

Other PG&E generator interconnection agreements include a Small Generator Interconnection Agreement with PG&E for Slab Creek with a 22-year term which became effective on January 14, 2010, and a Small Generator Interconnection Agreement with PG&E for the Chili Bar Project with a 10-year term which became effective on June 2, 2021.

**WAPA Interconnection Agreement and other WAPA Agreements.** SMUD and WAPA executed an interconnection agreement on May 8, 2008 for a term of 40 years which establishes the terms and



conditions under which the SMUD and WAPA transmission systems are interconnected and memorializes related understandings. SMUD is working with WAPA on a reconfiguration at the shared Elverta interconnection to increase reliability and accommodate new generation interconnection in the area. SMUD has other agreements with WAPA including for operation of the Sutter Energy Center generating facility, communication systems terms and fiber optic access, training and for use of WAPA labor and heavy equipment to assist SMUD's maintenance activities on an as-available basis.

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## SELECTED OPERATING DATA

Selected operating data of SMUD for the four years ended December 31, 2021 through 2024 and for the two months ended February 28, 2025 and February 29, 2024 are presented in the following table.

### SMUD SELECTED OPERATING DATA CUSTOMERS, SALES, SOURCES OF ENERGY AND REVENUES

	Two Months Ended February,		Year Ended December 31,			
	2025	2024	2024	2023	2022	2021
<b>Customers at End of Period:</b>						
Residential .....	598,022	589,014	596,785	588,308	576,471	572,786
Commercial and industrial .....	70,620	70,112	70,468	70,147	69,512	69,426
Other .....	7,251	7,252	7,257	7,253	7,290	7,345
Total .....	675,893	666,378	674,510	665,708	653,273	649,557
<b>MWh Sales:</b>						
Residential .....	751,843	728,124	4,992,375	4,676,766	4,763,277	4,749,079
Commercial and industrial .....	858,433	838,427	5,676,491	5,374,936	5,805,052	5,649,474
Other .....	9,194	9,366	52,335	52,660	53,965	54,473
Total .....	1,619,470	1,575,917	10,721,201	10,104,362	10,622,294	10,453,026
Surplus power/out of area sales .....	687,118	615,211	4,131,264	4,143,139	2,493,651	2,774,907
Total .....	2,306,588	2,191,128	14,852,465	14,247,501	13,115,945	13,227,933
<b>Sources of Energy Sold MWh:</b>						
Generated by SMUD .....	1,252,156	1,244,977	7,264,859	7,270,858	4,368,126	6,776,244
Purchased or exchanged .....	1,106,848	998,191	7,943,974	7,308,120	9,162,576	6,884,003
Total .....	2,359,004	2,243,168	15,208,833	14,578,978	13,530,702	13,660,247
Less System losses and SMUD usage .....	52,416	52,040	356,368	331,477	414,757	432,314
Total .....	2,306,588	2,191,128	14,852,465	14,247,501	13,115,945	13,227,933
Gross System peak demand (kW) <sup>(1)</sup> .....	1,606,000	1,542,000	3,147,000	3,059,000	3,263,000	3,019,000
Average kWh sales per residential customer <sup>(2)</sup> .....	1,258	1,236	8,425	8,018	8,293	8,316
<b>Average Revenue per kWh Sold:</b>						
Residential <sup>(2)</sup> (cents) .....	15.75	14.94	17.86	16.87	16.73	16.20
Commercial & industrial <sup>(2)</sup> (cents) .....	14.55	13.99	15.53	15.00	13.97	13.95

<sup>(1)</sup> Peak system MW values are measured at the four SMUD interconnection points and exclude SMUD's generation losses. Historical values include the impacts of dispatchable, non-dispatchable, and energy efficiency program capacity savings.

<sup>(2)</sup> The average kWh sales per residential customer and the average revenue per kWh sold are calculated based upon billed and unbilled sales.

Source: SMUD

## SELECTED FINANCIAL DATA

### SMUD Financial Information

The following table presents selected financial data of SMUD. Under generally accepted accounting principles, data with respect to SMUD's component units, such as the Authorities, is included with that of SMUD. The following presents data for SMUD only and not its component units, such as the Authorities. SMUD's audited financial statements for the years ended December 31, 2024 and December 31, 2023 are included in APPENDIX B attached to this Official Statement. The following unaudited data for SMUD (excluding its component units) is drawn from SMUD's financial records that have been subjected to the auditing procedures applied in the audits of SMUD's and its component units' financial statements for the years ended December 31, 2021 through 2024. The selected financial data for the periods ended February 28, 2025 and February 29, 2024 are derived from SMUD's unaudited financial records,



which have been prepared on the same basis as SMUD's data for the years ended December 31, 2021 through 2024. The selected financial data for the period ended February 28, 2025 are not necessarily indicative of the financial data to be expected for the entire year ending December 31, 2025.

**SMUD FINANCIAL DATA<sup>(1)</sup>**  
**(thousands of dollars)**

	<b>Two Months Ended February,</b>		<b>Year Ended December 31,</b>			
	<b>2025</b>	<b>2024</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Summary of Income</b>						
Operating Revenues <sup>(2)</sup> .....	\$ 293,729	\$ 293,225	\$ 1,953,510	\$1,918,854	\$2,138,655	\$1,784,290
Operating Expenses .....	(266,628)	(303,179)	(1,804,727)	(1,772,503)	(2,102,451)	(1,464,069)
Operating Income (Loss) .....	27,101	(9,954)	148,783	146,351	36,204	320,221
Interest and Other Income (Expense) ..	9,828	67,026	165,955	145,035	124,480	108,788
Interest Expense .....	(10,459)	(12,165)	(70,251)	(73,275)	(74,702)	(81,692)
Change in Net Position .....	\$ 26,470	\$ 44,907	\$ 244,487	\$ 218,111	\$ 85,982	\$ 347,317
<b>Selected Statement of Net Position Information</b>						
Net Plant in Service .....	\$4,058,018	\$3,713,867	\$4,078,371	\$3,652,422	\$3,682,180	\$3,502,335
Construction Work in Progress .....	543,610	625,789	520,435	587,722	323,499	365,478
Electric Utility Plant – Net.....	\$4,601,628	\$4,339,656	\$4,598,806	\$4,240,144	\$4,005,679	\$3,867,813
Unrestricted Cash.....	\$ 439,351	\$ 505,891	\$ 499,098	\$ 534,157	\$ 591,410	\$ 569,001
Rate Stabilization Fund.....	\$ 342,775	\$ 213,563	\$ 345,389	\$ 212,131	\$ 156,016	\$ 188,992
Total Assets .....	\$7,345,207	\$6,815,486	\$7,279,955	\$6,610,818	\$6,447,908	\$6,096,865
Net Position .....	\$2,866,960	\$2,640,910	\$2,840,490	\$2,596,004	\$2,377,893	\$2,291,910
Long-Term Debt <sup>(3)</sup> .....	\$2,481,886	\$2,300,113	\$2,488,137	\$2,305,156	\$2,236,824	\$2,387,686
<b>Debt Service Coverage Ratios</b>						
Parity Debt Service Coverage Ratio ..	N/A	N/A	3.32x	2.58x	2.04x	2.59x
Parity and Subordinate Debt Service Coverage Ratio.....	N/A	N/A	3.09x	2.44x	1.94x	2.47x

(1) The financial statements of SMUD comprise financial information of SMUD along with its component units, SFA, NCGA and NCEA. This table includes only financial information of SMUD excluding its component units. Net operating revenues and expenses and Electric Utility Plant and Capitalization of CVFA, SPA, SCA, SFA, NCGA and NCEA are not included in this table, although amounts paid to or received from the Authorities by SMUD are included.

(2) Operating Revenues reflect net transfers to (from) the Rate Stabilization Fund for each full year as follows:  
2025 (\$3.3) million through February 28, 2025  
2024 \$133.3 million  
2023 \$56.1 million  
2022 (\$33.0) million  
2021 \$20.3 million

Transfers to the Rate Stabilization Fund reduce operating revenues in the year transferred; transfers from the Rate Stabilization Fund increase operating revenues. Transfers from the HGA balancing account in the Rate Stabilization Fund are automatic based on the amount of precipitation received. See "RATES AND CUSTOMER BASE – Rates and Charges" above.

(3) Long-Term Debt includes Long-Term Debt due within one year and unamortized premiums.

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## Financial Information of SMUD and the Authorities

The following table presents a summary of selected financial information for SMUD and the Authorities.

### SUMMARY OF FINANCIAL INFORMATION OF SMUD AND THE AUTHORITIES FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (thousands of dollars)

	Year Ended December 31, 2024			Year Ended December 31, 2023		
	SMUD	Authorities	Total <sup>(1)</sup>	SMUD	Authorities	Total <sup>(1)</sup>
<b>Summary of Income</b>						
Operating Revenues <sup>(2)</sup> .....	\$ 1,953,510	\$ 353,608	\$ 1,962,101	\$ 1,918,854	\$ 314,464	\$1,930,664
Operating Expenses .....	(1,804,727)	(344,248)	(1,803,958)	(1,772,503)	(278,519)	(1,748,368)
Operating Income .....	148,783	9,360	158,143	146,351	35,945	182,296
Interest and Other Income	165,955	3,711	169,094	145,035	17,944	136,217
Interest Expense.....	(70,251)	(31,565)	(101,816)	(73,275)	(25,516)	(98,791)
Change in Net Position.....	<u>\$ 244,487</u>	<u>\$ (18,494)</u>	<u>\$ 225,421</u>	<u>\$ 218,111</u>	<u>\$ 28,373</u>	<u>\$ 219,722</u>
<b>Selected Statement of Net Position Information</b>						
Net Plant in Service .....	\$4,078,371	\$ 257,473	\$4,048,848	\$3,652,422	\$ 288,235	\$3,653,965
Construction Work in Progress.....	520,435	7,304	527,739	587,722	2,937	590,659
Electric Utility Plant – Net ....	<u>\$4,598,806</u>	<u>\$ 264,777</u>	<u>\$4,576,587</u>	<u>\$4,240,144</u>	<u>\$ 291,172</u>	<u>\$4,244,624</u>
Unrestricted Cash .....	\$ 499,098	\$ 48,033	\$ 547,131	\$ 534,157	\$ 36,458	\$ 570,615
Rate Stabilization Fund ....	\$ 345,389	--	\$ 345,389	\$ 212,131	--	\$ 212,131
Total Assets .....	\$7,279,955	\$1,245,067	\$8,120,833	\$6,610,818	\$1,105,825	\$7,320,723
Net Position .....	\$2,840,490	\$ 255,126	\$2,812,120	\$2,596,004	\$ 273,616	\$2,586,699
Long-Term Debt <sup>(3)</sup> .....	\$2,488,137	\$ 901,187	\$3,389,324	\$2,305,156	\$ 753,465	\$3,058,621

(1) Financial information for SMUD and the SMUD JPAs (SFA, NCGA and NCEA) include intercompany balances. The financial information reflects balances after the elimination of intercompany accounts including Authorities distributions to SMUD of \$0.6 million in 2024 and \$26.8 million in 2023.

(2) Operating Revenues reflect net transfers to (from) the Rate Stabilization Fund as follows:  
2024 \$133.3 million  
2023 \$56.1 million

Transfers to the Rate Stabilization Fund reduce operating revenues in the year transferred; transfers from the Rate Stabilization Fund increase operating revenues. Transfers from the HGA balancing account in the Rate Stabilization Fund are automatic based on the amount of precipitation received. See “RATES AND CUSTOMER BASE – Rates and Charges” above.

(3) Long-Term Debt includes Long-Term Debt due within one year and unamortized premiums.

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## Management's Discussion of SMUD's Operating Results

***Two Months Ended February 28, 2025 (Unaudited).*** For the two months ended February 28, 2025, SMUD reported an increase in net position of \$26.5 million as compared to an increase of \$44.9 million for the two months ended February 29, 2024.

Operating revenues were \$0.5 million higher than 2024. This was primarily due to higher sales to customers (\$17.4 million), transfers to the rate stabilization fund (\$5.2 million), offset by lower sales of surplus power (\$9.4 million), sales of surplus gas (\$6.6 million), and AB 32 revenue (\$4.6 million).

Operating expenses were \$36.6 million lower than 2024. This was primarily due to lower purchased power expenses (\$26.7 million), transmission and distribution maintenance expenses (\$6.6 million), and production operating expenses (\$4.3 million).

Non-Operating income was \$57.2 million lower than 2024. This was primarily due to a decrease in other income (\$58.1 million), partially offset by higher unrealized gains (\$2.1 million).

Interest expense decreased \$1.7 million from 2024.

***Year Ended December 31, 2024.*** For the year ended December 31, 2024, SMUD reported an increase in net position of \$244.5 million as compared to an increase of \$218.1 million for 2023.

Operating revenues were \$34.7 million higher than 2023. This was primarily due to higher sales to customers (\$178.3 million), AB 32 revenue (\$8.8 million), LCFS revenue (\$2.0 million), higher transmission and JPA operations revenues (\$1.6 million) and customer fees (\$1.6 million), partially offset by higher transfers to the rate stabilization fund (\$79.0 million), lower sales of surplus power (\$57.7 million), and lower sales of surplus gas (\$23.8 million).

Operating expenses were \$32.2 million higher than 2023. This was primarily due to higher administrative and general expenses (\$51.5 million), public good expenses (\$9.4 million), customer service and information (\$8.9 million), amortization of regulatory assets (\$6.0 million) and transmission and distribution operations expenses (\$3.2 million), partially offset by lower production operating expenses (\$21.6 million), transmission and distribution maintenance expenses (\$15.7 million), and purchased power expenses (\$12.1 million).

Non-Operating income increased by \$20.9 million primarily due to higher other income (\$12.6 million) due to a business interruption insurance recovery payment related to the Cosumnes Power Plant outage claim and certain settlement payments, higher interest and investment income (\$12.2 million), partially offset by lower unrealized losses (\$4.6 million).

Interest expense decreased \$3.0 million from 2023.

***Year Ended December 31, 2023.*** For the year ended December 31, 2023, SMUD reported an increase in net position of \$218.1 million as compared to an increase of \$86.0 million for 2022.

Operating revenues were \$219.8 million lower than 2022. This was primarily due to lower sales of surplus gas (\$118.3 million), transfers to the rate stabilization fund (\$67.2 million), sales to customers (\$28.3 million), transfers from the rate stabilization fund (\$21.9 million), and LCFS revenue (\$3.9 million), partially offset by higher sales of surplus power (\$13.6 million), AB 32 revenue (\$3.7 million), and customer fees (\$1.1 million).



Operating expenses were \$329.9 million lower than 2022. This was primarily due to lower purchased power expenses (\$281.4 million), production operating expenses (\$134.7 million), transmission and distribution operating expenses (\$7.2 million), partially offset by higher administrative and general expenses (\$40.7 million), transmission and distribution maintenance expenses (\$15.8 million), depreciation (\$11.4 million), public good (\$8.8 million), and customer service and information expenses (\$6.6 million).

Non-Operating income increased by \$20.6 million primarily due to gain on sale of land (\$33.3 million), higher interest income (\$23.0 million), higher unrealized holding gains (\$11.4 million), higher CCA revenues (\$5.7 million), partially offset by lower investment income (\$39.1 million).

Interest expense decreased \$1.4 million from 2022.

**Regulatory Assets.** In accordance with Governmental Accounting Standards Board (“GASB”) No. 62, “Regulated Operations,” SMUD defers, as regulatory assets, certain types of expenditures. These assets are amortized and collected through future rates.

As of December 31, 2024, SMUD had a total of \$1,001.9 million recorded for regulatory assets. Regulatory assets associated with costs related to implementation of GASB No. 68 which requires SMUD to record a net pension liability was \$306.5 million and deferred outflows related to GASB No. 68 was \$274.2 million at December 31, 2024. Regulatory assets associated with costs related to implementation of GASB No. 75 which requires SMUD to record a net Other Post Employment Benefit (OPEB) liability was \$255.5 million and deferred outflows related to GASB No. 75 was \$59.2 million at December 31, 2024. Regulatory assets associated with Rancho Seco decommissioning costs totaled \$105.1 million at December 31, 2024. Nuclear fuel storage costs and non-radiological decommissioning costs have been collected in rates since 2009. For a complete description of these regulatory assets, see Note 8 (Regulatory Deferrals) to SMUD’s financial statements.

The Board has authorized the deferral of any charges or credits that result from the change in valuation of ineffective hedges that should be reported as Investment Revenue/Expense on the Statements of Revenues, Expenses and changes in net position. The Board’s resolution establishes that such charges or credits are not included in rates based on market value changes but are included in rates when the underlying transactions occur. Therefore, under GASB No. 62, “Regulated Operations,” any such changes are included in the Statement of Net Position as regulatory assets or liabilities. For a complete description of these derivative financial instruments, see Note 9 (Derivative Financial Instruments) to SMUD’s financial statements.

## **RANCHO SECO DECOMMISSIONING**

**Overview.** The 913 MW Rancho Seco Nuclear Power Plant (“Rancho Seco”) began Nuclear Regulatory Commission (“NRC”) licensed operations in 1974. In June 1989, the electorate of SMUD voted against allowing SMUD to continue to operate Rancho Seco as a nuclear generating facility, and the plant was shut down. In 1991, SMUD submitted a report (the “Financial Assurance Plan”) providing required financial assurance to the NRC that SMUD will have sufficient funds available to pay for the cost of decommissioning. On March 17, 1992, the NRC granted SMUD a change from an operating to a possession-only license for Rancho Seco that relieved SMUD from compliance with a number of NRC regulations applicable to operating nuclear power plants. SMUD also filed a proposed decommissioning plan with the NRC (the “Decommissioning Plan”), which was approved in March 1995.

After the decommissioning efforts began, no suitable disposal option was available to SMUD for the Class B and Class C low level radioactive waste generated during the plant decommissioning. With the used nuclear fuel stored onsite requiring oversight staff, SMUD opted to store the Class B and Class C



radioactive waste in an existing interim onsite storage building until a suitable disposal option was available. In November 2007, the possession-only license for Rancho Seco was amended to update the Decommissioning Plan to terminate the possession-only license for the Class B and Class C waste in two phases. Phase I of the decommissioning was completed at the end of 2008. Following verification of the site conditions, SMUD submitted a request to the NRC to reduce the licensed facility from 2,480 acres to the interim onsite storage building and about one acre surrounding it. The request was approved by the NRC in September 2009. Phase II of decommissioning included the approximately two-acre interim storage building containing the Class B and Class C radioactive waste and surrounding area. In September 2013, SMUD entered into a contract with the operator of the low-level radioactive waste disposal facility located in Andrews, Texas. Shipment of the Class B and Class C radioactive waste for disposal was completed in November 2014. SMUD conducted additional clean-up activities and radiological surveys, which were followed by NRC confirmatory surveys. The results of these surveys demonstrated unit dose criteria well below NRC release criteria, and the NRC approved the Phase II area for unrestricted use. On September 21, 2017, SMUD formally requested the termination of the possession-only license. On August 31, 2018, the NRC officially terminated SMUD's possession-only license for the remaining Class B and Class C waste at Rancho Seco.

As part of the Decommissioning Plan, the nuclear fuel and Greater Than Class C ("GTCC") radioactive waste is being stored in a dry storage facility (the Independent Spent Fuel Storage Installation or "ISFSI") constructed by SMUD, adjacent to the former reactor facility. The NRC has separately licensed this facility. The United States Department of Energy (the "DOE"), under the Nuclear Waste Policy Act of 1982, is responsible for permanent disposal of used nuclear fuel and GTCC radioactive waste. SMUD has a contract with the DOE for the removal and disposal of this waste. The DOE was to have a waste repository operating by 1998, but has experienced significant and ongoing delays. The Nuclear Waste Policy Act designates Yucca Mountain in Nevada as the final and exclusive repository for the nation's used nuclear fuel. The DOE discontinued the Yucca Mountain license review activities in 2010, but after a court ordered the NRC to resume its review in 2013, the NRC published its final safety evaluation report in 2015. The final safety report, and the final environmental impact statement, concluded that the proposed repository would be safe and environmentally sound for one million years.

Nevertheless, seeking alternatives to Yucca Mountain, the Blue-Ribbon Commission on America's Nuclear Future delivered its final report in January 2012 with several recommendations. The DOE responded to the recommendations by issuing a report in January 2013 (Strategy for the Management and Disposal of Used Nuclear Fuel and High-Level Radioactive Waste). Key to both documents is a focus on used fuel from decommissioned sites including Rancho Seco. The DOE report accepts most of the Blue-Ribbon Commission recommendations, and contains timelines for fuel management options which proposed removing the fuel from Rancho Seco as early as 2021. However, any progress on the strategies proposed by the DOE is dependent on legislative action by Congress. With no legislative action taken to date, the 2021 projected date for fuel removal slips year-for-year. Therefore, SMUD cannot determine at this time when the DOE will fulfill its contractual obligations to remove the nuclear fuel and GTCC waste from the Rancho Seco facility. In the meantime, SMUD continues to incur costs of approximately \$6 to \$7 million per year for storage of used nuclear fuel at the ISFSI. Historically, SMUD filed a series of successful lawsuits against the federal government for recovery of past spent fuel costs. In the past decade, SMUD has executed and extended a settlement agreement with the federal government, pursuant to which SMUD is reimbursed for most spent fuel costs without having to litigate its claims. SMUD last recovered over \$5 million through the settlement process in 2025 for expenses incurred in 2023. SMUD plans to continue pursuing cost recovery claims through the settlement agreement, or, upon expiration of the agreement, through litigation, to ensure it is reimbursed for its costs in the future. The ISFSI will be decommissioned, and its license terminated after the fuel and GTCC is ultimately removed.



***Financial Assurance Plan.*** In accordance with the Financial Assurance Plan, SMUD established and funded an external decommissioning trust fund currently held by Computershare Corporate Trust (the “Decommissioning Trust Fund”). Pursuant to the Financial Assurance Plan, SMUD made the final deposit into the Decommissioning Trust Fund in 2008. Additional deposits are not expected but will be made if increased cost estimates or reduced fund interest earnings require it. In 2011, the NRC began requiring that SMUD demonstrate financial assurance for decommissioning the ISFSI as well as the former power facility, increasing the overall cost for decommissioning Rancho Seco. The estimated total cost for decommissioning the ISFSI was approximately \$7.1 million on December 31, 2023. The decommissioning cost estimate is required to be updated every three years. As of December 31, 2024, the balance of the Decommissioning Trust Fund was \$9.9 million, excluding unrealized gains and losses. Based on the current decommissioning cost estimate and the value of the fund, SMUD’s existing Decommissioning Trust Fund provides sufficient funds to complete decommissioning and terminate the ISFSI license.

In addition to these costs, SMUD also estimates that it would cost approximately \$13.1 million to restore the site to make it available for other SMUD uses with some major structures remaining intact. Site restoration is not a legal requirement. No site restoration is currently underway.

## **EMPLOYEE RELATIONS**

SMUD has approximately 2,469 employees, most of whom are covered by a civil service system. SMUD is a contracting member of the California Public Employees’ Retirement System (“PERS”). Approximately 50% of SMUD’s work-force is represented as to wages, hours and other terms and conditions of employment, by one of three recognized employee organizations, the International Brotherhood of Electrical Workers (“IBEW”) Local 1245, the Organization of SMUD Employees (“OSE”), and the SMUD Public Safety Officers’ Association (“PSOA”). The remaining approximately 50% of SMUD’s work-force, which includes managers, professional, administrative, supervisory, and confidential, is unrepresented.

SMUD negotiated a four-year Memoranda of Understanding (“MOU”) with IBEW and the OSE, effective January 1, 2022, through December 31, 2025. Both contracts contain a no-strike/no-lockout clause effective during the life of the agreements. SMUD has an MOU with PSOA effective through December 31, 2026. SMUD has experienced only one labor interruption, which occurred in January 1980 that lasted four days.

## **RETIREMENT BENEFITS AND POST-EMPLOYMENT MEDICAL BENEFITS**

### **Pension Plans**

SMUD participates in PERS, an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State. Benefit provisions and all other requirements are established by State statute and SMUD policies. The pension plan provides retirement benefits, survivor benefits, and death and disability benefits based upon employees’ years of credited service, age, and final compensation.

As of June 30, 2023, the last actuarial valuation date for SMUD’s plan within PERS, the market value of the SMUD plan assets was \$2.4 billion. The plan is 85.4% funded on a market value of assets basis, a decrease of 2.4% compared to the June 30, 2022 funded status based on the market value of assets.



As an employer, SMUD is required to contribute a percentage of payroll each year to PERS to fund SMUD's plan based on actuarial valuations performed by PERS. PERS collects the normal cost based on a percentage of payroll and the unfunded liability portion is based on a dollar amount. SMUD also makes partial contributions required of SMUD employees on their behalf and for their account. At the PERS fiscal year ended June 30, 2024, SMUD's required employer contribution rate for normal cost was 9.6% of payroll. There was no employer contribution to the unfunded liability for the fiscal year ending June 30, 2024. During 2024, SMUD contributed \$30.3 million to PERS (including SMUD's contributions to cover required employee contributions), and SMUD employees paid \$20.0 million for their share of the PERS contribution.

For the fiscal years ending June 30, 2025 and June 30, 2026, SMUD is required to contribute 9.5% and 9.3% of payroll for normal costs and \$10.7 million and \$24.8 million for the unfunded liability contribution, respectively. Assuming no amendments to the plan and no liability gains or losses (which can have a significant impact), PERS has projected that SMUD will be required to contribute 9.1% of payroll to the plan for normal costs and \$30.3 million for the unfunded liability for the fiscal year ending June 30, 2027, not including SMUD contributions to cover required employee contributions. The amount SMUD is required to contribute to PERS is expected to increase in the future. The actual amount of such increases will depend on a variety of factors, including but not limited to investment returns, actuarial methods and assumptions, experience and retirement benefit adjustments.

SMUD has the option to prepay an annual lump sum payment to PERS for the unfunded accrued liability portion only (not including SMUD contributions to cover required employee contributions). SMUD was not required to make a lump sum prepayment but voluntarily made an additional payment of \$33.8 million toward the unfunded accrued liability for the fiscal year ended June 30, 2024. SMUD made an annual lump sum prepayment of \$10.3 million and, to date, has not voluntarily made additional payments towards the unfunded accrued liability for the fiscal year ending June 30, 2025.

While SMUD has some ability to adjust the retirement benefits provided to its employees, PERS determines the actuarial methods and assumptions used with respect to assets administered by PERS (including the SMUD plan assets) and makes the investment decisions with respect to such assets. For a description of such actuarial methods and assumptions (including the smoothing conventions used by PERS when setting employer contribution rates) and investments, see the comprehensive annual financial report of PERS (SMUD's plan is part of the Public Employees' Retirement Fund of PERS) available on its website at [www.calpers.ca.gov](http://www.calpers.ca.gov). SMUD cannot guarantee the accuracy of such information and neither the comprehensive annual financial report of PERS nor any other information contained on the PERS website is incorporated by reference in or part of this Official Statement. Actuarial assessments are "forward-looking" information that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may prove to be inaccurate or be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

GASB issued statement No. 68 "Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27" ("GASB No. 68"). The primary objective of GASB No. 68 is to improve accounting and financial reporting by state and local governments for pensions. Under GASB No. 68, SMUD is required to report the net pension asset or net pension liability (i.e., the difference between the total pension liability and the pension plan's net position or market value of assets) in its Statement of Net Position. This standard requires shorter amortization periods for recognition of non-investment gains and losses and actuarial assumption changes, as well as for recognition of investment gains and losses. GASB No. 68 separates financial reporting from funding requirements for pension plans. The net pension liability as of December 31, 2024 and December 31, 2023 is \$308.4 million and \$259.0 million, respectively.



SMUD provides its employees with two cash deferred compensation plans: one pursuant to Internal Revenue Code (“IRC”) Section 401(k) (the “401(k) Plan”) and one pursuant to IRC Section 457 (the “457 Plan” and collectively, the “Plans”). The Plans are contributory plans in which SMUD’s employees contribute the funds. Each of SMUD’s eligible full-time or permanent part-time employees may participate in either or both Plans, and amounts contributed by employees are vested immediately. Such funds are held by a trustee in trust for the employees upon retirement from SMUD service and, accordingly, are not subject to the general claims of SMUD’s creditors. SMUD makes annual contributions to the 401(k) Plan on behalf of certain employees pursuant to a memorandum of understanding with both of its collective bargaining units. SMUD matches non-represented employee contributions to the 401(k) Plan up to a set amount. SMUD also makes limited discretionary contributions to non-represented employees hired after January 1, 2013, which contributions fully vest after five years. Prior to 2022, SMUD did not match employee contributions, nor make contributions on behalf of its employees to the 457 Plan. Beginning in 2022, SMUD makes annual contributions to the 457 Plan on behalf of certain employees and matches employee contributions up to a set amount pursuant to a memorandum of understanding with one of its collective bargaining units. SMUD made contributions to both Plans of \$7.5 million in 2024 and \$6.9 million in 2023. Participating employees made contributions into both Plans totaling \$36.0 million in 2024 and \$34.3 million in 2023.

### **Other Post-Employment Benefits**

SMUD provides post-employment healthcare benefits, in accordance with SMUD policy and negotiated agreements with employee representation groups in a single employer defined benefit plan, to all employees who retire from SMUD, and their dependents. SMUD also provides post-employment healthcare benefits to covered employees who are eligible for disability retirement. SMUD contributes the full cost of coverage for retirees hired before January 1, 1991, and a portion of the cost based on credited years of service for retirees hired after January 1, 1991. SMUD also contributes a portion of the costs of coverage for these retirees’ dependents. Retirees are required to contribute the portion that is not paid by SMUD. The benefits, benefit levels, retiree contributions and employer contributions are governed by SMUD and can be amended by SMUD through its personnel manual and union contracts.

SMUD’s post-employment health care benefits are funded through the PERS California Employers’ Retiree Benefit Trust (“CERBT”), an agent multiple-employer plan. The funding of a plan occurs when the following events take place: the employer makes payments of benefits directly to or on behalf of a retiree or beneficiary; the employer makes premium payments to an insurer; or the employer irrevocably transfers assets to a trust or other third party acting in the role of trustee, where the plan assets are dedicated to the sole purpose of the payments of the plan benefits, and creditors of the government do not have access to those assets.

SMUD has elected to contribute the normal costs to the CERBT but annually receive reimbursement for cash benefit payments from the CERBT. In 2025, SMUD’s contribution for the normal costs to CERBT is \$11.5 million. In 2024 and 2023, SMUD made contributions to the CERBT for normal costs in the amount of \$10.7 and \$8.6 million, respectively. SMUD can elect to make additional contributions to the trust. During 2024 and 2023, SMUD made healthcare benefit contributions by paying actual medical costs of \$25.3 million and \$24.7 million, respectively. During 2024 and 2023, SMUD received \$24.1 million and \$24.4 million, respectively, in reimbursement for cash benefit payments from the CERBT.

At June 30, 2024 and 2023, SMUD estimated that the actuarially determined accumulated post-employment benefit obligation was approximately \$431.7 and \$403.6 million, respectively. At June 30, 2024 and 2023, the plan was 90.7% and 92.3% funded, respectively.



SMUD's actuary uses PERS economic and other assumptions as the basis for the calculation of the post-employment benefit obligation. The actual accumulated post-employment benefit obligation will vary substantially if such PERS assumptions, such as interest rate and life expectancy, among others, prove to be inaccurate or different than SMUD's actual experience. Although SMUD believes that such assumptions and estimates are reasonable, no assurance can be given that any such assumptions will prove to be accurate, or that SMUD's actual accumulated post-employment benefit obligation will not materially exceed its estimates. Additional information is available in Note 15 (Other Postemployment Benefits) and "Required Supplementary Information" to SMUD's consolidated financial statements.

GASB previously issued SGAS No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions". The primary objective of GASB No. 75 is to improve accounting and financial reporting by state and local governments for post-employment benefits other than pensions ("OPEB"). Under GASB No. 75, SMUD is required to report the net OPEB asset or net OPEB liability (i.e., the difference between the total OPEB liability and the OPEB plan's net position or market value of assets) in its Statement of Net Position. This standard requires shorter amortization periods for recognition of non-investment gains and losses and actuarial assumption changes, as well as for recognition of investment gains and losses. The net OPEB liability as of December 31, 2024 and December 31, 2023 is \$34.1 million and \$25.3 million, respectively.

## CAPITAL REQUIREMENTS AND OUTSTANDING INDEBTEDNESS

### Estimated Capital Requirements

SMUD has a projected capital requirement of approximately \$3.0 billion for the period 2025 through 2029 as shown in the table below. Approximately 60% of this requirement is anticipated to be funded with internally generated funds and cash on hand.

Special projects include costs relating to construction of large substations and replacement operations control building.

### ESTIMATED CAPITAL REQUIREMENTS (Dollars in Thousands)

	Service Area and Other System Improvements Including Distribution System	Improvements to Existing Generation Plant	General Plant	Special Projects	Total Capital Requirements
2025	212,255	111,898	143,640	105,910	573,704
2025	132,943	74,069	115,279	277,702	599,993
2026	167,257	119,249	84,386	228,942	599,834
2027	167,257	119,249	84,386	228,942	599,834
2029	167,257	119,249	84,386	228,942	599,834

### Outstanding Indebtedness

**General.** SMUD typically finances its capital requirements through the sale of revenue bonds, the sale of commercial paper, from draws on its Revolving Credit Facility (as defined below) and from internally generated funds. With the enactment of the 2022 Inflation Reduction Act and the 2021 Infrastructure Investment and Jobs Act, SMUD is monitoring and exploring new methods of financing,



including those afforded under these two federal laws, that provide not-for-profit public power utilities with direct federal incentive payments.

SMUD's Electric Revenue Bonds (the "Senior Bonds") are issued pursuant to Resolution No. 6649 (the "Senior Resolution") adopted in 1971, as amended and supplemented (the "Senior Resolution"). As of March 31, 2025, SMUD had Senior Bonds in the aggregate principal amount of \$1,898,985,000 outstanding. If the plan of finance described in the forepart of this Official Statement is implemented in whole, Senior Bonds in the aggregate principal amount of \$[ ] are expected to be outstanding under the Senior Resolution. See "PLAN OF FINANCE" in the forepart of this Official Statement. The Senior Bonds are payable solely from the Net Revenues of SMUD's Electric System. The Senior Bonds are subordinate in right of payment to the prior payment of "Maintenance and Operation Costs" and "Energy Payments" as defined in the Senior Resolution, including payments by SMUD to TANC under PA3, payments by SMUD under power purchase agreements related to the Authorities and payments by SMUD to NCGA and NCEA under their respective gas supply contracts.

SMUD's Subordinated Electric Revenue Bonds (the "Subordinated Bonds") are issued pursuant to Resolution No. 85-11-1 of SMUD, adopted on November 7, 1985, as amended and supplemented (the "Subordinate Resolution"). As of March 31, 2025, SMUD had Subordinated Bonds in the aggregate principal amount of \$332,020,000 outstanding. If the plan of finance described in the forepart of this Official Statement is implemented in whole, Subordinated Bonds in the aggregate principal amount of \$[ ] are expected to be outstanding under the Subordinate Resolution. See "PLAN OF FINANCE" in the forepart of this Official Statement. The Subordinated Bonds are payable solely from the Net Subordinated Revenues of SMUD's Electric System. The Subordinated Bonds are subordinate in right of payment to the prior payment of principal of and interest on the Senior Bonds.

SMUD issues commercial paper notes (the "Notes") from time to time. As of [May \_\_, 2025], SMUD's Notes were outstanding in the aggregate principal amount of \$[75,000,000]. Currently, Notes in the aggregate principal amount of \$400,000,000 may be outstanding at any one time, but SMUD reserves the right to increase or decrease the aggregate principal amount of the Notes that may be outstanding at any one time in the future. The Notes are secured by letters of credit issued by commercial banks. The Notes (and SMUD's obligations to repay drawings under the letters of credit) are payable solely from available revenues of SMUD's Electric System and are subordinate in right of payment to the prior payment of principal of, premium if any, and interest on the Senior Bonds and the Subordinated Bonds. Drawings under the letters of credit, to the extent not repaid immediately from the proceeds of commercial paper or other available SMUD funds, are repayable with interest over a period of five years. The letters of credit currently expire in August of 2025 and March of 2027. SMUD expects to pay all \$[75,000,000] of the outstanding principal amount of the Notes with the proceeds of the [2025 Series O Bonds] (as defined in the forepart of this Official Statement). See "PLAN OF FINANCE" in the forepart of this Official Statement.

SMUD also entered into a revolving credit agreement with a commercial bank and issued its taxable and tax-exempt revolving notes thereunder (collectively, the "Revolving Credit Facility") in February 2022. As of the date of this Official Statement, no principal amount was outstanding under the Revolving Credit Facility. Currently, the aggregate principal amount that can be outstanding under the Revolving Credit Facility at any one time is limited to \$100,000,000. However, SMUD reserves the right to increase or decrease the aggregate principal amount that can be outstanding at any one time under the Revolving Credit Facility in the future. SMUD's payment obligations under the Revolving Credit Facility are payable solely from available revenues of SMUD's Electric System and are subordinate in right of payment to the prior payment of principal of, premium if any, and interest on the Senior Bonds and the Subordinated Bonds. The current term of the Revolving Credit Facility expires in February 2026.



**Joint Powers Authorities.** SMUD has entered into long-term take-or-pay power purchase agreements with SFA relating to the Local Gas-Fired Plants. Under such agreements, SMUD has exclusive control of the dispatch of all five of the Local Gas-Fired Plants and takes all of the power produced by the Local Gas-Fired Plants. See “POWER SUPPLY AND TRANSMISSION – Power Generation Facilities – Local Gas-Fired Plants.” The Authorities are each treated as component units of SMUD for accounting purposes. As of December 31, 2024, only SFA had outstanding debt, which related solely to the Cosumnes Power Plant and was payable solely from capacity payments made by SMUD under the related power purchase agreement. [The SFA bonds issued to finance the Cosumnes Power Plant were defeased in [May 2025].] SMUD’s payments under the power purchase agreements relating to the Local Gas-Fired Plants are payable from revenues of SMUD’s Electric System prior to the payment of principal of and interest on the Senior Bonds and Subordinated Bonds as either “Maintenance and Operation Costs” or “Energy Payments” under the Senior Resolution and Subordinate Resolution.

SMUD and Sacramento Municipal Utility District Financing Authority formed NCGA as a joint powers authority. NCGA is treated as a component unit of SMUD for accounting purposes. NCGA issued \$757,055,000 in bonds in May 2007 for the purpose of paying Morgan Stanley Capital Group in advance for natural gas to be delivered to NCGA and then sold to SMUD pursuant to a long-term purchase contract. SMUD’s obligation under the purchase contract is limited to payment for gas supplies delivered by NCGA. SMUD’s payments under the purchase contract are payable from revenues of SMUD’s Electric System prior to the payment of principal and interest on the Senior Bonds and the Subordinated Bonds as either “Maintenance and Operation Costs” or “Energy Payments” under the Senior Resolution and the Subordinate Resolution. SMUD is not obligated to make any payments in respect of debt service on the NCGA bonds. As of March 31, 2025, related bonds in the aggregate principal amount of \$94,540,000 remain outstanding.

SMUD and Sacramento Municipal Utility District Financing Authority formed NCEA as a joint powers authority. NCEA is treated as a component unit of SMUD for accounting purposes. NCEA issued \$689,700,000 in bonds on April 5, 2024, for the purpose of (i) refunding prior bonds issued by NCEA, the proceeds of which were used to pay J. Aron & Company LLC in advance for natural gas or electricity to be delivered to NCEA and then sold to SMUD pursuant to a long-term purchase contract and (ii) to pay Aron Energy Prepay 33 LLC for additional natural gas or electricity to be delivered to NCEA and then sold to SMUD pursuant to the same long-term purchase contract. SMUD’s obligation under the purchase contract is limited to payment for gas or electricity supplies delivered by NCEA. SMUD’s payments under the purchase contract are payable from revenues of SMUD’s Electric System prior to the payment of principal and interest on the Senior Bonds and the Subordinated Bonds as either “Maintenance and Operation Costs” or “Energy Payments” under the Senior Resolution and the Subordinate Resolution. SMUD is not obligated to make any payments in respect of debt service on the NCEA bonds. As of the date hereof, all of the related bonds remain outstanding.

**Interest Rate Swap Agreements.** SMUD has an interest rate swap agreement relating to currently outstanding Subordinated Bonds, as shown in the following table. For more information, see Note 9 (Derivative Financial Instruments) to SMUD’s consolidated financial statements.

Effective Date	Termination Date	SMUD Pays	SMUD Receives	Notional Amount (000's)	Counterparty
07/12/2023	08/15/2041	Fixed	70% of 1M SOFR	132,020	Barclays Bank



The obligations of SMUD under the swap agreement are not secured by a pledge of revenues of SMUD's electric system or any other property of SMUD. SMUD does not currently have any collateral posting requirements with respect to the interest rate swap agreement, but SMUD may be required to post collateral under certain circumstances.

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**Debt Service Requirements.** The following table sets forth SMUD’s debt service requirements with respect to SMUD’s Senior Bonds and Subordinated Bonds.

**DEBT SERVICE REQUIREMENTS<sup>(1)</sup>**

<b>Calendar Year</b>	<b>Senior Bonds Debt Service<sup>(2)</sup></b>	<b>Subordinated Bonds Debt Service<sup>(3)</sup></b>	<b>Total Debt Service</b>
2025	\$ 183,358,188	\$ 11,780,665	\$ 195,138,852
2026	183,456,788	8,447,772	191,904,559
2027	183,543,538	8,947,772	192,491,309
2028	183,654,538	8,948,211	192,602,749
2029	129,578,900	8,947,332	138,526,232
2030	139,939,150	9,781,105	149,720,255
2031	142,962,400	6,447,772	149,410,172
2032	144,002,650	6,948,211	150,950,861
2033	145,117,900	6,947,332	152,065,232
2034	141,052,400	18,587,534	159,639,934
2035	143,121,550	18,159,537	161,281,087
2036	145,280,050	17,729,456	163,009,506
2037	99,689,800	25,303,354	124,993,154
2038	99,332,050	25,618,890	124,950,940
2039	95,983,550	25,935,859	121,919,409
2040	95,777,550	26,254,804	122,032,354
2041	100,623,550	26,889,177	127,512,727
2042	70,548,850	28,490,000	99,038,850
2043	70,339,650	28,490,300	98,829,950
2044	70,135,250	28,490,350	98,625,600
2045	69,926,700	28,494,550	98,421,250
2046	64,515,250	28,492,150	93,007,400
2047	64,516,000	28,492,700	93,008,700
2048	64,522,500	28,490,450	93,012,950
2049	64,518,750	28,489,800	93,008,550
2050	64,519,250	--	64,519,250
2051	39,127,500	--	39,127,500
2052	39,126,500	--	39,126,500
2053	39,128,250	--	39,128,250
2054	21,388,500	--	21,388,500
<b>Total</b>	<b>\$3,098,787,500</b>	<b>\$489,605,082</b>	<b>\$3,588,392,582</b>

<sup>(1)</sup> Does not include bonds issued by NCGA, NCEA or SMUD’s portion of bonds issued by TANC. Payments by SMUD which are used by NCGA, NCEA, and TANC to pay debt service on such bonds constitute either “Maintenance and Operation Costs” or “Energy Payments” under the Senior Resolution and the Subordinate Resolution.

<sup>(2)</sup> Does not include debt service for the Senior Bonds anticipated to be issued as part of the plan of finance described in the forepart of this Official Statement.

<sup>(3)</sup> Does not include debt service for the Subordinated Bonds anticipated to be issued as part of the plan of finance described in the forepart of this Official Statement and does not reflect the refunding of the Subordinated Bonds anticipated to be refunded as part of the plan of finance described in the forepart of this Official Statement. Based on an assumed interest rate of 3% per annum following (i) the initial scheduled Mandatory Purchase Date of October 15, 2030 for SMUD’s Subordinated Electric Revenue Refunding Bonds, 2023 Series D and (ii) the initial scheduled Mandatory Purchase Date of October 15, 2025 for SMUD’s Subordinated Electric Revenue Bonds, 2019 Series B.

Note: Amounts may not add due to rounding.



## **INSURANCE**

SMUD maintains a comprehensive property/casualty insurance program designed to protect against catastrophic losses that would have an adverse effect on its financial position or operational capabilities. Insurance programs are continuously reviewed and modified when construction, operational exposures, or developments in the insurance industry so warrant. Long term relationships with a variety of insurers minimize SMUD's susceptibility to the effects of market cycles.

SMUD safeguards assets with all-risk property and boiler/machinery insurance with limits of \$800 million per occurrence for physical damage and business interruption combined. Various coverage sublimits and deductibles apply to losses arising from certain perils, such as business interruption, earthquake, or flood, respectively. Liability insurance is in effect to defend and indemnify SMUD against third party claims, including general, automobile and sudden and accidental pollution claims with policy limits of \$140 million, and wildfire coverage with policy limits of \$290 million, all of which include a variety of self-insured retentions.

Nuclear property and liability insurance policies are maintained in accordance with the NRC's requirements for decommissioned nuclear plants that maintain dry storage of spent fuel on-site. This includes \$100 million in first party property damage and decontamination, \$100 million for nuclear liability arising from accidents on-site, \$200 million for supplier's and transporter's nuclear liability, and \$300 million for nuclear worker liability. SMUD is exposed to possible retrospective assessments for nuclear property events occurring at other nuclear facilities in the United States capped at ten times SMUD's annual nuclear property premium (currently the maximum retrospective assessment is approximately \$1,000,000).

Other types of insurance include non-owned aircraft liability, workers' compensation, crime, cyber security, fidelity, fiduciary liability, directors' and officers' liability, professional errors and omissions, transportation, and builder's risk for major facilities under construction.

## **LEGAL PROCEEDINGS**

SMUD is a party to numerous actions arising out of the conduct of its business and affairs, some of which are discussed below. SMUD believes that any losses or adverse financial results it may suffer in these current actions, to the extent not covered by insurance, would not, in the aggregate, have an adverse material impact on SMUD, its business and affairs, or results of operations, financial position or liquidity.

### **Environmental Litigation**

SMUD was one of many potentially responsible parties that had been named in a number of actions relating to environmental claims and/or complaints. SMUD has resolved these environmental claims and/or complaints and entered into settlement agreements and/or consent orders. These settlement agreements and consent orders have statutory reopener provisions which allow regulatory agencies to seek additional funds for environmental remediation under certain limited circumstances. While SMUD believes it is unlikely that any of the prior settlements or consent orders will be reopened, the possibility exists. If any of the settlements or consent orders were to be reopened, SMUD believes that the outcome will not have a material adverse impact on SMUD's financial position, liquidity, or results of operations.

### **Proposition 26 Lawsuit**

On January 19, 2024, two SMUD residential customers jointly filed a complaint against SMUD which stated that SMUD's Board violated Proposition 26 (see "DEVELOPMENTS IN THE ENERGY MARKETS – State Legislation and Regulatory Proceedings – Proposition 26" for a description of



Proposition 26) when on September 21, 2023, it adopted rate increases for 2024 and 2025. The plaintiffs contended the rate increases did not reflect SMUD's reasonable cost of service because they included a 9.2% scalar that SMUD applied to its TOD residential rate restructure adopted by SMUD's Board in the 2017 rate process. SMUD viewed the lawsuit as having little merit and while SMUD anticipated the court would rule in SMUD's favor on substantive grounds, the court ultimately dismissed the case in February 2025 for plaintiffs' failure to comply with the statutory service and publication requirements.

### **Other Litigation Matters**

Currently, SMUD is party to various claims, legal actions and complaints relating to its operations, including, but not limited to, property damage, personal injury, contract disputes, and employment matters. SMUD believes that the ultimate resolution of these matters will not have a material adverse effect on SMUD's financial position, liquidity, or results of operations.

### **FERC Administrative Proceedings**

SMUD is involved in a number of FERC administrative proceedings related to the operation of wholesale energy markets, regional transmission planning, gas transportation and NERC reliability standards. These proceedings generally fall into the following categories: (i) filings initiated by the CAISO (or other market participants) to adopt/modify the CAISO Tariff and/or establish market design and behavior rules; (ii) filings initiated by existing transmission owners (i.e., PG&E and the other IOUs) to pass-through costs to their existing wholesale transmission customers; (iii) filings initiated by FERC on market participants to establish market design and behavior rules or investigate market behavior by certain market participants; (iv) filings initiated by transmission owners under their transmission owner tariffs to establish a regional transmission planning process; (v) filings initiated by providers of firm gas transportation services under the Natural Gas Act; and (vi) filings initiated by NERC to develop reliability standards applicable to owners, users, and operators of the bulk electric system. In addition, SMUD is an active participant in other FERC administrative proceedings, including those related to reliability, variable resource integration and the changing resource mix, and transmission planning and cost allocation. SMUD believes that determinations of these FERC proceedings will not have a material adverse effect on SMUD's financial position, liquidity or results of operations.

### **CPUC Administrative Proceedings**

Periodically, PG&E seeks to update its gas transmission and storage ("GT&S") revenue requirements and rate designs. These applications are litigated at the CPUC and affect SMUD through several tariff rates SMUD pays to move natural gas along PG&E's backbone transmission lines. In the 2019 GT&S rate case (the "2019 GT&S Case"), the CPUC affirmed the application in GT&S rates of cost causation principles to prevent excessive and unreasonable costs being shifted to electric generator backbone customers like SMUD, either through proposed changes in PG&E's natural gas storage strategy or through cost shifts within the electric generator customer class.

PG&E filed its 2023 General Rate Case (the "GRC") in June 2021 which includes its gas transmission and storage revenue requirements. In September 2021, PG&E filed an application for approval of its Gas Cost Allocation and Rate Design Proposals ("CARD"). The CPUC issued a decision in the GRC in November 2023 authorizing PG&E's revenue requirements for the four-year rate period of 2023-2026. SMUD is a party to the comprehensive all-party settlement agreement submitted to the CPUC for approval in June 2023, which resolved all open issues in the CARD proceeding, and the CPUC approved the settlement in March 2024. SMUD does not believe that determinations of these CPUC proceedings will have a material adverse effect on SMUD's financial position, liquidity or results of operations. SMUD will



continue to actively participate in PG&E's future GRC and CARD proceedings to ensure that costs are fairly allocated to non-core customers, including electric generator backbone customers.

Separately, SMUD continues to participate and monitor additional proceedings at the CPUC concerning long-term gas system planning. At this point in these proceedings, SMUD does not anticipate that the ultimate resolution of such cases will have a material adverse effect on SMUD's financial position, liquidity, or results of operation.

SMUD monitors a number of other CPUC proceedings. These proceedings generally fall into the following categories: (i) filings initiated by PG&E to adopt/modify its tariffs and/or rules; (ii) rulemakings initiated by the CPUC to establish market design and behavior rules or program rules affecting SMUD customers; and (iii) rulemakings initiated by the CPUC to establish electric and/or gas system safety design and maintenance rules. SMUD believes that determinations of these CPUC proceedings will not have a material adverse effect on SMUD's financial position, liquidity or results of operations.

## **DEVELOPMENTS IN THE ENERGY SECTOR**

### **California Electric Market**

In 1996, the State partially deregulated its electric energy market and the CAISO was established in 1998. Since the CAISO's formation, the State has experienced episodes of higher and more volatile prices for natural gas and wholesale electricity. In reaction to such conditions, SMUD made significant changes to its business strategy to mitigate the impacts of the more volatile and unpredictable energy markets. Volatility in energy prices in the State are always a potential risk due to a variety of factors which affect both the supply and demand for electricity in the western United States. These factors include, but are not limited to, the implementation of the CAISO market design changes, insufficient generation resources, the increase in intermittent renewable energy resources, natural gas price volatility, fuel costs and availability, weather and natural disasters, transmission constraints and levels of hydroelectric generation within the region. While SMUD has taken a number of steps to mitigate its exposure to price volatility associated with these factors, this price volatility under extreme conditions may contribute to greater volatility in SMUD's net revenues from the purchase and sale of electric energy and, therefore, could materially adversely affect the financial condition and liquidity of SMUD. For a discussion of SMUD's current resource planning activities and risk management strategies, see "BUSINESS STRATEGY" above.

### **Cybersecurity**

Cybersecurity continues to be a top priority for SMUD. Attacks or threats directed at critical electric or energy sector operations could damage or cause the shut-down of generation, transmission or distribution assets that are essential to SMUD's ability to serve its customers, cause operational malfunctions and outages affecting SMUD's electric system, and result in costly recovery and remediation efforts. The costs of security measures or of remedying breaches could be material.

SMUD participates in sharing and receiving information about cyber security threats in real-time through the Electricity Information Sharing and Analysis Center ("E-ISAC"), the central hub for such data to actively manage risk related to potential cyber intrusion. SMUD also participates in NERC's development of mandatory, enforceable cyber security standards to address vulnerabilities in electric utility systems. SMUD also adopts voluntary measures suggested as best practices by the National Institute of Standards and Technology ("NIST") in its national framework.



SMUD's prudent response to this ever-changing threat requires constant monitoring and frequent updates to implement new regulatory requirements as they are developed. SMUD manages risk related to frequently changing regulatory requirements by participating in the development of standards at NERC and NIST and through active engagement in the cyber security policy dialogue in Congress.

## **Physical Security**

Physical security is a critical concern for electric utilities as they seek to protect their infrastructure from a range of threats. The electric utility infrastructure is complex and consists of multiple components, such as power plants, substations, transmission and distribution lines, and other facilities. SMUD employs a dedicated physical security team that is deployed 24/7 and allows SMUD to respond to emergent events in a safe, coordinated, efficient, and cohesive manner, protecting the lives of its employees, customers, community, properties and assets. SMUD has policies, processes and procedures in place that outline the access controls and restrictions for its properties. SMUD restricts access based on need as it determines, while adhering to applicable laws, regulations and standards such as NERC Reliability Standards and NRC regulations. SMUD also maintains a Utility Security Plan adopted by the Board representing SMUD's compliance with the CPUC's Safety and Enforcement Division six-step security plan process described in CPUC Decision 19-01-018.

During times of elevated, imminent threats, safety and/or security concerns, SMUD's Security Operations team, under the direction of the Chief Diversity Officer or delegate, reserves the right to deploy additional security measures, controls, and further restrict or limit access to its properties to increase its security posture.

SMUD operates a 24/7 security operations center which monitors and coordinates responses to situations reported by internal and external stakeholders, or which are detected by SMUD's security technology. The technology includes access control, video surveillance, and various types of intrusion detection solutions. The security operations center is a central hub for initial contact for physical security calls from employees of suspicious events and initiates incident responses as needed.

## **Federal Legislation and Regulatory Proceedings**

***Energy Policy Act of 2005.*** On August 8, 2005, the Energy Policy Act of 2005 (the "EPAAct of 2005") was signed into law. The law includes a number of energy-related provisions, including among other things limited FERC jurisdiction over interstate transmission assets of municipal utilities, cooperatives and federal utilities to order these entities to provide transmission services on rates and terms comparable to those the entities charge and provide to themselves; the grant of authority to FERC to establish and certify an electric reliability organization to develop and enforce reliability standards for users of the bulk power transmission system; and prohibitions of certain market practices including the provision of false information and related expansion of FERC civil and criminal penalty authority. So far, the most visible impact of the EPAAct of 2005 on SMUD has been the development of mandatory federal reliability standards.

***Federal Regulation of Transmission Access.*** The Energy Policy Act of 1992 (the "Energy Policy Act") made fundamental changes in the federal regulation of the electric utility industry, particularly in the area of transmission access. The Energy Policy Act provided FERC with the authority to require a transmitting utility to provide transmission services at rates, charges, terms and conditions set by FERC. The purpose of these changes, in part, was to bring about increased competition in the electric utility industry. Under the Energy Policy Act, electric utilities owned by municipalities and other public agencies which own or operate electric power transmission facilities which are used for the sale of electric energy at wholesale are "transmitting utilities" subject to the requirements of the Energy Policy Act.



Since the Energy Policy Act, FERC has adopted a series of rules to implement competitive open access to transmission facilities and regional transmission planning. Order No. 888, issued in 1996, requires the provision of open access transmission services on a nondiscriminatory basis by all “jurisdictional utilities” (which, by definition, does not include municipal entities like SMUD) by requiring all such utilities to file OATTs. Order No. 888 also requires “nonjurisdictional utilities” (which, by definition, does include SMUD) that purchase transmission services from a jurisdictional utility under an open access tariff and that owns or controls transmission facilities to provide open access service to the jurisdictional utility under terms that are comparable to the service that the nonjurisdictional utility provides itself. Section 211A of the EAct of 2005 authorizes, but does not require, FERC to order unregulated transmission utilities to provide transmission services, including rates and terms and conditions, that are comparable to those under which the unregulated transmitting utility provides transmission services to itself that are not unduly discriminatory or preferential – often referred to as the reciprocity rule.

In Order 890, issued in 2007, FERC stated that it will implement its authority under Section 211A on a case-by-case basis and retain the current provisions.

In 2011, FERC issued Order 1000, which among other things requires public utility (jurisdictional) transmission providers to participate in a regional transmission planning process that produces a regional transmission plan and that incorporates a regional and inter-regional cost allocation methodology. Similar to Order 890, FERC states that it will implement its authority under Section 211A on a case-by-case basis. However, in Order 1000, FERC appears to expand upon the current reciprocity provisions and states that it has the authority to allocate costs to beneficiaries of services provided by specific transmission facilities even in the absence of a contractual relationship between the owner of the transmission facilities and the identified beneficiary.

SMUD, individually, and through the Large Public Power Council (“LPPC”), appealed Order 1000, but in 2014 the D.C. Circuit Court of Appeals rejected all of the arguments raised on appeal, upholding the entirety of Order 1000.

The jurisdictional members of WestConnect filed their proposed regional planning process and cost allocation methodology through a series of compliance filings at FERC. FERC accepted binding cost allocation for jurisdictional transmission providers of WestConnect and mandated that non-jurisdictional transmission providers (such as SMUD) identified as beneficiaries of a project have the ability to not accept the cost allocation. WestConnect’s Order 1000 planning process began with the 2016-2017 planning cycle.

However, in response to FERC’s WestConnect orders on compliance, El Paso Electric Company (“El Paso”), a jurisdictional transmission provider, petitioned to the Court of Appeals for the 5th Circuit. El Paso contends that FERC’s WestConnect orders violate Order 1000’s cost causation principle because WestConnect’s binding cost allocation applies only to the jurisdictional transmission providers and thus forces jurisdictional transmission providers to subsidize projects benefitting non-jurisdictional transmission providers that opt-out of projects. On August 2, 2023, the court reversed FERC’s orders implementing Order No. 1000 for WestConnect concerning cost allocation of regional transmission projects to non-jurisdictional transmission providers. The court found that the WestConnect orders are incompatible with Order No. 1000’s application of the cost causation principle to address free ridership. On October 17, 2024, FERC issued an order on remand, requiring the jurisdictional transmission providers to submit compliance filings that remove the non-jurisdictional transmission provider opt-out framework from their respective OATTs. The filings were submitted on December 16, 2024, and FERC accepted the filings on April 24, 2025. Accordingly, the non-jurisdictional transmission providers may no longer participate in WestConnect’s regional planning process unless they enroll in binding cost allocation. The non-jurisdictional transmission providers are assessing options, but none have currently enrolled in the region. SMUD’s long-standing objective is to comply with open access requirements necessary to achieve



reciprocity, including through participation in a regional planning process while not binding itself to mandatory cost allocation. Thus, SMUD has an interest in continuing to explore options for participation in a regional transmission planning process which could include forming a separate region, joining another region (e.g. NorthernGrid), or developing an alternative non-jurisdictional framework within WestConnect that would pass FERC cost-allocation muster while at the same time maintaining its business and jurisdictional interests.

On April 21, 2022, FERC issued a Notice of Proposed Rulemaking on Building for the Future Through Electric Regional Transmission Planning and Cost Allocation and Generator Interconnection (the “NOPR”). The NOPR sought input on proposals that would impact the regional transmission planning and cost allocation process. SMUD engaged in the proceeding, providing input and helping draft comments with trade organizations, including LPPC. On May 13, 2024, FERC issued Order 1920 which requires transmission providers through regional planning entities (e.g. WestConnect) plan for transmission needs over a 20-year horizon, considering certain factors and benefits. The new long-term regional transmission planning (LTRTP) process is added to the existing Order 1000 planning requirements. Importantly, Order 1920 contains cost containment protocols that require “right sizing” transmission facilities and re-evaluation of projects in the event of delays or cost overruns. Given FERC’s April 24, 2025, order regarding regional planning participation of non-jurisdictional transmission providers in WestConnect, the non-jurisdictional transmission providers have not participated in the WestConnect efforts to develop its LTRTP process. However, SMUD will continue to monitor and be engaged in any developments at FERC that impact Orders 1000 and 1920 processes and its regional transmission planning participation.

SMUD is unable to predict at this time the full impact that Orders 1000 and 1920 will have on the operations and finances of SMUD’s electric system. SMUD will continue to take any action necessary, including withdrawing from a cost allocation determination or planning region, and engaging in FERC proceedings, to ensure that it is not required to pay for transmission costs in the absence of an agreement or service relationship.

***NERC Reliability Standards.*** The EAct of 2005 required FERC to certify an electric reliability organization (“ERO”) to develop mandatory and enforceable reliability standards, subject to FERC review and approval. On February 3, 2006, FERC issued Order 672, which certified NERC as the ERO. Many reliability standards have since been approved by FERC, including those aimed at protecting the bulk electric system from physical and cyber threats.

The ERO or the regional entities, such as WECC, may enforce the reliability standards, subject to FERC oversight or FERC may independently enforce reliability standards. Potential monetary sanctions include fines of up to \$1,584,648 per violation per day. Order 693 provides ERO and regional entities with the discretion necessary to assess penalties for such violations, while also having discretion to calculate a penalty without collecting the penalty if circumstances warrant.

***Anti-Market Manipulation Rules.*** EAct of 2005 gave FERC the authority to issue rules to prevent market manipulation in jurisdictional wholesale power and gas markets, and in jurisdictional transmission and transportation services. These anti-market manipulation rules apply to non-jurisdictional entities such as SMUD. Further, EAct of 2005 provided FERC civil penalty authority, which the Commission has stated that it will exercise carefully by assuring that its market manipulation rules are clear.

***Greenhouse Gas Emissions.*** Since 2009, the United States Environmental Protection Agency (the “EPA”) has taken steps to regulate GHG emissions from different sources, including the electric sector.

In 2014, EPA issued a proposed rule under section 111(d) of the Clean Air Act (“CAA”) called the Clean Power Plan (the “CPP”) that projected power sector emissions reductions of 30% below 2005 levels



by 2030. The proposed CPP would have established a rate-based emissions goal for each state, providing states the responsibility to develop a State Implementation Plan (“SIP”) describing how each will meet the goal assigned by EPA using the “Best System of Emissions Reduction” (“BSER”) established by EPA. The rule was finalized in October 2015.

In November 2015, 27 states and numerous corporations challenged the CPP in court, alleging that EPA had exceeded its authority under the CAA; however, before the issue could be decided by the court, the 2016 presidential election resulted in a change of administration. The new administration quickly moved for an abeyance (or stay) of the case for as long as the agency needed to review and withdraw the CPP. The U.S. Supreme Court stayed implementation of the CPP pending disposition in the D.C. Circuit and any subsequent review by the Supreme Court. In August 2018, EPA proceeded to withdraw the CPP and the D.C. Circuit ultimately dismissed the case on September 17, 2019. EPA proposed a different rule under the same provision of the CAA, known as the Affordable Clean Energy (“ACE”) rule, which would have established a BSER that only includes measures that can be undertaken at an individual power plant, rather than the broader suite of measures envisioned under the CPP. The ACE rule was challenged in court by environmental groups and states alleging that the revised rule inadequately responds to EPA’s responsibility to protect public health and welfare. SMUD joined in this litigation along with other challengers. The D.C. Circuit vacated the ACE rule on January 19, 2021, and remanded it to the EPA for review and revision, just days before a new presidential administration took office. Several states led by West Virginia and coal industry members appealed the decision.

In June 2022, the U.S. Supreme Court issued its opinion in *West Virginia v. EPA*, striking down the CPP and foreclosing any future regulations of “significant political and economic significance” if Congress has not expressly authorized them. While the decision does not restrict EPA to only requiring measures “inside the fence line” at an individual power plant to control GHGs, it appears unlikely that the EPA will be able to require material reductions in GHGs to mitigate climate change through section 111(d) of the CAA.

Under the Biden administration, in May 2023, the EPA issued a proposed rule under Section 111(d) of the CAA to reduce GHG emissions from existing and new power plants. The four-part proposed rule, *New Source Performance Standards for Greenhouse Gas Emissions From New, Modified, and Reconstructed Fossil Fuel-Fired Electric Generating Units; Emission Guidelines for Greenhouse Gas Emissions From Existing Fossil Fuel-Fired Electric Generating Units; and Repeal of the Affordable Clean Energy Rule*, would set forth GHG emission standards for certain subcategories of new and existing fossil fuel-fired power plants operating greater than 50% of the time and generating more than 300 MW per turbine. In the proposed rule, EPA determined the BSER is either deploying carbon capture and storage technology to capture 90% of emissions or co-firing 96% hydrogen produced through a low-emission process (“low-GHG hydrogen”). If finalized, compliance would have been required by 2032. SMUD filed comments as part of several trade groups and coalitions in response to the proposed rule, but SMUD’s internal analysis showed the rule as proposed would not require changes at any of its currently-operating fossil-fueled power plants and therefore would not have had a material impact on SMUD’s financial position, operations, or liquidity. The final rule issued by EPA in March 2024 significantly modified the proposal by reducing subcategories for coal-fired units, extending compliance dates for CCS implementation, removing hydrogen co-firing as a BSER option, and introducing reliability-focused provisions. Additionally, EPA did not finalize emission requirements for fossil fuel-fired stationary combustion turbines.

Most recently, under current Trump administration in March 2025, EPA initiated a substantial reevaluation and potential reversal of the foundational 2009 Endangerment Finding, a cornerstone of GHG emissions regulation under the CAA. The administration argues that advancements in scientific research and significant economic considerations necessitate this reassessment. The process involves public



consultation and faces strong legal resistance, particularly from environmental groups and states supportive of existing regulatory frameworks. Should this reversal proceed, it would fundamentally undermine EPA's regulatory authority over carbon emissions, impacting multiple sectors, particularly the energy industry. Utilities, including SMUD, could see increased risks from litigation related to emissions, previously shielded by federal regulatory frameworks.

The EPA has also proposed eliminating long-standing GHG reporting requirements for industrial facilities, a move that could diminish transparency and limit comprehensive emissions data crucial for informed policy and investment decisions. Moreover, the current administration is revisiting vehicle emission standards, potentially scaling back stringent GHG emissions targets for new vehicle model years. Such actions could significantly alter national emission trajectories and impact related state regulatory efforts, notably in states like California with aggressive vehicle emissions targets.

While SMUD's immediate operations and financial status may remain largely unaffected directly by these federal regulatory shifts, the broader implications of deregulation pose potential indirect effects through market shifts, evolving state-level policies, and future regulatory scenarios. SMUD remains proactive in monitoring these developments closely, ensuring strategic adaptability and financial resilience amid evolving regulatory landscapes.

***Federal Communications Commission.*** The 1978 Pole Attachment Act added section 224 to the Communications Act of 1934, authorizing the Federal Communications Commission ("FCC") to regulate attachments by cable television systems or providers of telecommunications service to utility poles, ducts, conduits, and rights-of-way. Under Section 224(a)(1), public power entities are exempt from FCC pole attachment regulations, as municipally-owned poles are already subject to local decision-making processes and governance. The municipal exemption from FCC pole attachment regulations was further codified through the enactment of the Telecommunications Act of 1996. However, over the past decade, this exemption has been continuously eroded.

Various actions by the FCC have limited the exemption in support of a "uniform policy for broadband access to privately-owned physical infrastructure." Through four orders issued between 2017 and 2018, the FCC set strict time limits for the review of pole attachment applications and preempted state and local agreements on pole attachments. In 2020, in *City of Portland v United States*, the U.S. Court of Appeals for the Ninth Circuit upheld the FCC's Small Cell Order, which adopted new time limits for municipal utilities' review of wireless infrastructure siting applications and preempted access fees for small cells. In November 2023, the FCC adopted its Fourth Report and Order, Declaratory Ruling, and Third Further Notice of Proposed Rulemaking that would reform pole replacement rules and facilitate the approval process for pole attachment applications, among other things.

SMUD is unable to predict whether any new FCC rulemakings will impact the operations and finances of SMUD's electric system. SMUD will monitor these proceeding for any potential impact to SMUD.

***Federal Clean Energy Legislation.*** SMUD actively participates in discussion at the federal level regarding legislation that would meaningfully impact SMUD's existing GHG reduction strategies or impose new requirements for electric generators, including a proposed federal clean energy standard. In the 117th Congress, a clean electricity performance program was considered but ultimately lacked support to pass. Instead, Congress extended and expanded clean energy tax credits and created new grant and rebate programs to incentivize clean energy investments in the Inflation Reduction Act of 2022. While it is possible that a future Congress may revisit the concept of a clean energy standard or other GHG reduction regime, it is possible that the passage of the Inflation Reduction Act will diminish the likelihood of a new regulatory framework being enacted in the near future.



SMUD is unable to predict whether any new EPA rulemakings will be undertaken, and what the full impact of the reduction of fossil-based generation over time will have on the operations and finances of SMUD's electric system or the electric utility industry generally.

***Federal Tax Policy Legislation.*** With the 2017 Tax Cuts and Jobs Act (the "TCJA") set to expire at the end of 2025, Congress is negotiating a budget reconciliation package to extend a majority of the TCJA provisions. The House FY25 budget resolution allows Congress to pass a reconciliation package with up to \$4.5 trillion in tax cuts. Among the menu of potential reconciliation package revenue raisers include the repeal of the Inflation Reduction Act's \$369 billion in energy tax credits and climate investments and the elimination of the tax exemption for municipal bonds, which would raise \$250 billion over 10 years.

SMUD is unable to predict the full impact the tax policy legislation will have on the business operations and financial condition of SMUD's electric system. Under the Inflation Reduction Act, SMUD may receive refundable direct payments of the investment and production energy tax credits, resulting in hundreds of millions of dollars in direct payments for infrastructure projects pursued by SMUD. In addition, SMUD has entered into several power purchase agreements that utilize energy tax credits for project financing, reducing the overall cost of the energy investment. Any future legislation that changes the value of energy tax credits may impact the final cost of these contracts.

SMUD will continue to monitor and engage in any developments in Congress on the reconciliation package and its impact to SMUD's ability to claim energy tax credits and issue tax exempt bonds.

### **State Legislation and Regulatory Proceedings**

A number of bills affecting the electric utility industry have been enacted by the State Legislature. In general, these bills provide for reduced GHG emission standards and greater investment in energy efficient and environmentally friendly generation alternatives through more stringent RPS. Additionally, ongoing regulatory proceedings address the implementation of these bills as well as water flow and quality issues related to the Sacramento – San Joaquin River Delta. The following is a brief summary of these bills and regulatory proceedings.

***Greenhouse Gas Emissions.*** On September 27, 2006, the Governor of the State signed into law AB 32, the Global Warming Solutions Act of 2006 ("AB 32"). AB 32 requires the California Air Resources Board ("CARB") to adopt enforceable GHG emission limits and emission reduction measures in order to reduce GHG emissions to 1990 levels by 2020. In addition, AB 32 establishes a mandatory reporting program for all IOUs, local, publicly-owned electric utilities and other load-serving entities (electric utilities providing energy to end-use customers) ("LSEs"). The AB 32 reporting program allows CARB to adopt regulations using market-based compliance mechanisms such as a "cap-and-trade" system.

On December 16, 2010, CARB approved a resolution adopting cap-and-trade regulations for the State. The regulations became effective on January 1, 2012. As adopted, the cap-and-trade program covers sources accounting for 85% of the State's GHG emissions, the largest program of its type in the United States. In November of 2012, CARB conducted its first allowance auction and auctions now occur on a quarterly schedule.

The cap-and-trade program introduced a hard emissions cap that declines over time on the combined electric utility and large industrial sectors, covering all sources emitting more than 25,000 metric tons of carbon dioxide-equivalent greenhouse gases ("CO<sub>2</sub>e") per year, and was subsequently expanded to cover distributors of transportation, natural gas, and other fossil fuels. The cap-and-trade program requires covered entities to retire compliance instruments (allowances and carbon offsets) for each metric ton of CO<sub>2</sub>e they emit. CARB has allocated free allowances to LSEs to mitigate the compliance cost burden on



ratepayers. The value of allowances must be used to benefit ratepayers and achieve GHG emission reductions. The cap-and-trade program also allows covered entities to use offset credits for compliance purposes (not exceeding 8% of a regulated entity's compliance obligation through 2020, 4% from 2021 through 2025, and 6% from 2026 through 2030). Offsets must be obtained from certified projects in sectors that are not regulated under the cap-and-trade program and are subject to other restrictions.

The State's cap-and-trade program was briefly linked to companion program in the Canadian province of Ontario during 2018 but was de-linked following a political change. In 2021, the Washington state legislature passed a cap-and-trade bill, which is expected to interact with the State's markets. Future potential near-term links to the CARB cap-and-trade program also include the states of Oregon, which has adopted a cap-and-trade program, and New Mexico, which is considering the adoption of a cap-and-trade program.

On October 7, 2015, SB 350 was enacted, containing aggressive goals for reducing carbon emissions by 2030, including raising the proportion of renewable energy to 50%, reducing the use of petroleum fuel in cars and trucks by up to 50%, and doubling the energy efficiency of existing buildings. See "BUSINESS STRATEGY – Sustainable Power Supply and Transmission – *Renewable Energy and Climate Change*" for additional information. In addition, SB 350 established requirements for larger POUs to adopt and file with the CEC Integrated Resource Plans ("IRPs") by April 2019 that would show planned procurement to achieve the 50% RPS and State GHG goals established by CARB. The CEC developed "guidelines" for these IRPs for POUs in 2017, updated them in 2018, and proposed additional updates in 2022. CARB established specific GHG target ranges for these IRPs in summer 2018, which were revised in 2023 following the adoption of CARB's 2022 Scoping Plan. SMUD developed and adopted an IRP in 2018 through a comprehensive public process and filed the adopted IRP with the CEC in April 2019. SMUD adopted an updated IRP in June 2022 and filed the updated IRP with the CEC in September 2022. In August 2024, the CEC approved SMUD's IRP as consistent with the applicable requirements. SMUD's updated IRP plans for a greater than 92% reduction in GHG emissions by 2030 relative to 1990 levels, which equals approximately 250,000 metric tons of GHG emissions in 2030. See "BUSINESS STRATEGY – Sustainable Power Supply and Transmission – *Renewable Energy and Climate Change*."

On April 29, 2015, the Governor of the State signed Executive Order B-30-15, establishing a goal for the State to reduce GHG emissions to 40% below 1990 levels by 2030. In 2016, the State Legislature passed Senate Bill 32 ("SB 32"), which codified then-Governor Brown's goal of reducing the State's GHG emissions to 40% below 1990 levels by 2030. In 2017, the State Legislature passed Assembly Bill 398 ("AB 398"), explicitly authorizing the continuation of the cap-and-trade program, with designated changes, through 2030. Subsequently, CARB adopted an initial set of regulatory changes extending the cap-and-trade program, including establishing utility sector allowance allocations through 2030. In 2018, CARB completed a rulemaking to implement the cap-and-trade program changes designated by AB 398. These changes include development of a hard price ceiling for the cap-and-trade program and two price-containment points below that ceiling, in an attempt to ensure stable prices in the program. CARB adopted final regulations on December 13, 2018.

CARB announced it plans to initiate a formal rulemaking this year to amend the cap-and-trade program regulations to, among other things, align the program with the 2022 Scoping Plan and the state's updated emissions reduction and carbon neutrality goals. CARB has indicated that it plans to reduce allowance budgets through 2030 in order to increase the program's stringency. It is likely that allowances allocated to electric utilities, like SMUD, for ratepayer protections will be reduced. Similarly, CARB has indicated it is considering adding further restrictions regarding the use of allocated allowance value. These changes have the potential to materially impact SMUD, but CARB's proposal is still pending.



In addition, any new projects constructed in the State, including power plants, that may cause a significant adverse impact on the environment must be analyzed under CEQA. Some State agencies have begun using CEQA in novel ways to require mitigation of “significant” GHG emissions caused, either directly or indirectly, by a project. Pursuant to Senate Bill 97 passed in 2007, CARB will assist the Governor’s Office of Planning and Research in setting thresholds of significance under CEQA of GHG impacts from new projects. This is an area of State law that is evolving and untested in the courts. However, there is a risk that any project proponent of an electric system infrastructure project might have to mitigate such potential impacts to a level of less than significant.

On December 3, 2012, the Superior Court issued a ruling in *Cleveland National Forest Foundation v. San Diego Association of Governments* (“SANDAG”), Case No. 2100-00101593, that sided with the State Attorney General and the other petitioners stating that SANDAG did not follow CEQA when it adopted a \$257 billion regional transportation plan in 2011. The ruling expressly invalidated the certification of the Environmental Impact Report (“EIR”) on the grounds that the EIR should have analyzed the plan’s consistency with the governor’s policy goal to reduce GHG emissions by 80% by 2050 as articulated in the 2005 Executive Order S-03-05. On November 24, 2014, the Fourth Appellate District upheld the trial court in a published decision, and SANDAG appealed to the State Supreme Court. On July 13, 2017, the Supreme Court reversed and held that SANDAG’s decision not to adopt the 2050 goal was not an abuse of discretion. Nevertheless, the Court articulated three clear principles for agencies to follow in their CEQA review of planning documents: 1) agencies must take seriously the significance of even small increases in GHG emissions; 2) they must consider science-based State policy guidance in their decision-making; and 3) they are required to use the best scientific information available to determine whether their planning decisions are consistent with the State’s goals. These principles will apply to SMUD in CEQA reviews of future projects.

On September 29, 2006, the Governor of the State signed into law Senate Bill 1368 (“SB 1368”), the GHG Emissions Performance Standard (“EPS”). SB 1368 limits long-term investments in baseload generation by the State’s utilities to power plants that meet an EPS jointly established by the CEC and the CPUC. The agencies have set the EPS at 1,100 pounds CO<sub>2</sub> per MWh, which is roughly half of the CO<sub>2</sub> emissions rate of a conventional coal-fired power plant. CEC regulations to implement the law for POUs were approved by the Office of Administrative Law on October 16, 2007.

SMUD’s primary supply and demand-side resources need to meet customers’ electricity usage patterns over the next 10 years. Currently there is a ban in the State that prohibits the development of nuclear power plants until there is a permanent storage solution for spent fuel rods. With the effective ban on new coal power imports under SB 1368, natural gas-fired, combined cycle power plants would appear to be the primary viable option for fossil fuel-based baseload power plant development absent the implementation of new technologies in connection with other resource options. The reliance on a single fuel source will continue to put pressure on the natural gas market in the United States. SMUD has in place a natural gas procurement plan to mitigate natural gas volatility, see “POWER SUPPLY AND TRANSMISSION – Fuel Supply” above.

On September 16, 2022, the Governor of the State signed into law SB 1020, which creates interim climate targets under which eligible renewable energy resources and zero-carbon resources must supply 90% of all retail sales of electricity to California end-use customers by December 31, 2035, and 95% by December 31, 2040. The bill also requires each State agency to ensure that zero carbon resources and eligible renewable energy resources supply 100% of electricity procured on its behalf by December 31, 2035. SMUD provides electricity to a number of State agency buildings and will work with State agencies to comply with this requirement.



On September 16, 2022, the Governor of the State signed into law SB 905. SB 905 requires that CARB establish the “Carbon Capture, Removal, Utilization, and Storage Program” to evaluate the efficacy, safety, and viability of carbon capture, utilization, or storage (CCUS) technologies. It also requires CARB to adopt implementing regulations and protocols, create a unified state permitting application, and host a new, public database that will track the development of CCUS technologies. The protocols may, among other things, address how CCUS reduces carbon emissions for facilities employing the technology. SMUD is exploring investments in CCUS technology. CARB has not yet developed the Carbon Capture, Removal, Utilization and Storage Program or proposed draft regulations or protocols. It is not clear at this time how SB 905 will impact SMUD.

On October 7, 2023, the Governor of the State signed into law AB 1305, which requires an entity that purchases or uses voluntary carbon offsets and makes claims regarding the achievement of net zero, or other similar claims, to disclose on their website specified information. Many stakeholder groups are raising questions on if this includes RECs. Clean-up legislation could follow. It is not clear at this time whether RECs are included.

**Reliability.** On June 30, 2022, the Governor signed the 2022-23 budget, along with a number of trailer bills, which provide implementing details on the budget line items. Included in AB 205, the energy trailer bill, are a number of reliability programs.

1. CEC Distributed Electricity Backup Assets Program to incentivize the construction of cleaner and more efficient distributed energy assets that would serve as on-call emergency supply or load reduction for the state’s electrical grid during extreme events. The CEC adopted program guidelines in October 2023 and issued the first solicitation in December 2023. However, future solicitations are on hold as program funding was reduced due to budget shortfalls.
2. CEC Demand Side Grid Support Program to pay customers to reduce demand during stressed grid events. SMUD has actively engaged the CEC on the development and period revision of program guidelines.
3. DWR Strategic Reliability Reserve to secure resources for summer reliability or to preserve the option to extend the life of facilities that otherwise would retire, new temporary generators of more than five MW, new energy storage systems of at least 20 MW, generation facilities that use clean, zero-emission fuel technologies, or new zero-emission technologies that can be operational by December 31, 2026.

AB 209 (2022) required the CEC to develop recommendations about approach to determine an appropriate minimum planning reserve margin (PRM) for local POUs within the CAISO balancing area, and AB 1373 (2023) required the CEC to perform an assessment of whether each local POU exceeded, met or failed to meet its minimum PRM and specified resource adequacy requirements. These are discussed further below in “OTHER FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY – Resource Adequacy.”

**Zero-Emission Fleet Mandates.** CARB adopted the Advanced Clean Fleets (“ACF”) regulation, requiring certain medium- and heavy-duty (“MHD”) vehicle fleets to transition to zero-emission vehicles through purchase requirements or fleet composition requirements, which took effect on November 1, 2023, and was designed to apply to all publicly owned MHD fleets, larger commercially owned MHD fleets, and drayage trucks. It also accelerated a manufacturer ZEV sales requirement to 100% of all MHD truck sales by the 2036 model year. On January 13, 2025, CARB withdrew its request to the EPA for a waiver and authorization, pursuant to CAA section 209(b) and (e), respectively, for the ACF regulation, leaving only public fleets subject to enforcement of the ACF requirements.



Under the ACF Rule, public fleets like SMUD have two compliance options. The first is a zero-emission vehicle (“ZEV”) purchase requirement, under which 50% of annual MHD vehicle purchases would need to be ZEVs starting January 1, 2024, and 100% of annual MHD vehicle purchases would need to be ZEVs starting January 1, 2027. The second is an optional ZEV milestone option, under which the composition of the MHD fleet would need to meet certain ZEV percentages starting in 2025, with the entire fleet transitioned no later than 2042. The individual milestones depend on the number and category of vehicles in the fleet. Public fleets may opt into the ZEV milestone option until January 1, 2030. SMUD is currently complying with the purchase requirement option. SMUD plans to monitor ZEV market developments and currently anticipates opting into the ZEV milestone option, which may provide greater purchasing flexibility until more ZEV applications become available. It is unclear what impacts the withdrawal of CARB’s waiver will have on the production, availability, and costs of zero-emission trucks, particularly those that are specialized for utility usage.

***Transportation and Building Electrification.*** In recent years, the State has identified transportation and building electrification as key strategies to reduce greenhouse gas emissions and improve air quality and is advancing policy to support or accelerate electrification. For example, in addition to the zero-emission fleet mandates and LCFS regulation discussed herein, CARB adopted and received US EPA waivers to enforce the Advanced Clean Cars II and Advanced Clean Trucks regulations to require vehicle manufacturers to increase sales of zero-emission cars and trucks, respectively. The CEC’s Building Energy Efficiency Standards are increasingly encouraging the use of electric heat pumps in new homes and certain non-residential buildings across the state. The 2025 Energy Standards, which were adopted in September 2024, establish prescriptive heat pump requirements for both space and water heating in new homes. The 2025 Energy Standards will take effect on January 1, 2026. In addition, the State has also provided funding for programs to encourage clean transportation and building electrification.

Increases in transportation and building electrification will result in increased customer usage of electricity.

***Renewables Portfolio Standard.*** Senate Bill 100 was passed by the Legislature and approved by Governor Brown on September 10, 2018. Among other requirements, the bill sets a 50% RPS target for 2026 and sets compliance period targets at 44% by December 31, 2024, 52% by December 31, 2027, and 60% by December 31, 2030. The bill also creates a statewide planning goal to meet all of the state’s retail electricity supply with a mix of RPS-eligible and zero-carbon resources by December 31, 2045.

***Sacramento-San Joaquin River Bay-Delta Processes.*** The Sacramento-San Joaquin River Delta is an expansive inland estuary, formed at the western edge of the California Central Valley by the confluence of the Sacramento and San Joaquin rivers (“Delta”). There are two substantial Delta planning processes with the potential to affect (1) energy available for SMUD’s purchase from the Central Valley Project (“CVP”) and (2) flows within the Upper American River watershed. These processes are called the Bay-Delta Water Quality Control Plan (“Bay-Delta Plan”) and the Delta Conveyance Project.

The Bay-Delta Water Quality Control Plan is updated periodically by the State Water Resources Control Board (“SWRCB”), the last time being in 2006. The current Bay-Delta Plan update process is being implemented in four phases. The first phase considered southern Delta water quality, with a significant focus on San Joaquin River tributaries. Phase 2, which is initially being addressed by a document under development by SWRCB staff, will address Sacramento River tributaries and various flow related issues, including the critically important one of those tributaries’ contribution to Delta outflow. Phase 3 will concern changes to water rights needed to implement Phase 2. A substantial change in Delta outflow requirements could have a major impact on the timing of hydroelectric energy generation by the CVP. SMUD has a long-term agreement with WAPA to purchase some of this power (see “POWER SUPPLY AND TRANSMISSION – Power Purchase Agreements – *Western Area Power Administration*”).



On July 18, 2018, the SWRCB released an updated Framework document signaling its staff's intent to propose Delta outflow requirements of 45–65% unimpaired flows for the Sacramento River tributaries (which includes the American River, the upper portions of which are where the UARP sits), though the report will analyze requirements of 35–75%. If these criteria were implemented, they could cut CVP generation by 50 to 63%. Governor Newsom has urged the SWRCB, other agencies and affected parties to execute voluntary agreements (aka the “Healthy Rivers Agreements”) to address species’ needs and outflow requirements. Although the negotiations have been slow, it is expected they will eventually result in a reasonable compromise. However, in September 2023 the SWRB released a Staff Report/Substitute Environmental Document in Support of Potential Updates to the Bay-Delta Plan (the “Staff Report/Substitute Environmental Document”) to justify the adoption of the unimpaired flow standard as set forth in the 2018 Framework document. Numerous public entities, including SMUD, filed comments stating that, among other things, the potential updates identified in the Staff Report/Substitute Environmental Document, if adopted, would violate the Porter-Cologne Water Quality Control Act and Article X, section 2 of the California Constitution, would not improve fish and wildlife, and would not reasonably protect all beneficial uses, including water supplies for millions of Californians and hydroelectric power generation that is essential to California’s resilient energy grid. Moreover, the comments filed also stated that the Staff Report/Substitute Environmental Document does not comply with CEQA because, among other things, the analysis of the proposed inflow and habitat objectives’ impacts on electrical peaking generation, and more generally electrical grid reliability, is not supported by substantial evidence and fails to satisfy informational requirements. In addition, the comments maintain that the Healthy Rivers Agreements are a superior approach to achieving the goal of maximizing both environmental and other beneficial uses. If the unimpaired flow standard is adopted and the Healthy Rivers Agreements do not come to fruition, SMUD plans to fully participate in all regulatory and legal proceedings to argue for consideration and minimization of impacts to hydropower generation. SMUD will assess the potential impacts of proposed modifications to the present outflow objectives on SMUD’s operations once, or if, the SWRCB makes available information with enough specificity for SMUD to conduct the relevant modeling.

In July 2022, the DWR released a Draft Environmental Impact Report (“EIR”) to evaluate the potential impacts of carrying out the Delta Conveyance Project; the U.S. Army Corps of Engineers released a separate Environmental Impact Statement to evaluate the effects of the project pursuant to the National Environmental Policy Act. The Delta Conveyance Project is expected to entail construction of two intakes on the Sacramento River that will carry water to a main tunnel to the California Aqueduct for delivery south of the Delta. The Delta Conveyance Project may pose the potential to exacerbate impacts to already imperiled aquatic species, and in turn could have indirectly prompted regulatory agencies to require third parties, such as SMUD, to compensate by making changes to their operations. The Bureau of Reclamation is not a party to the Delta Conveyance Project, which should eliminate the potential for CVP power to be used to supply Delta Conveyance Project pumps. SMUD will monitor the proceedings and participate as necessary to ensure any impacts to SMUD interests are minimized, including potentially filing a challenge to the water rights DWR would need to modify in order to carry out the project.

**Proposition 26.** Proposition 26 was approved by the electorate on November 2, 2010 and amends Article XIII A and Article XIII C of the State Constitution. Proposition 26 imposes a two-thirds voter approval requirement for the imposition of fees and charges by the State, unless the fees and charges are expressly excluded. It also imposes a majority voter approval requirement on local governments with respect to fees and charges for general purposes, and a two-thirds voter approval requirement with respect to fees and charges for special purposes, unless the fees and charges are expressly excluded. The initiative, according to its supporters, is intended to prevent the circumvention of tax limitations imposed by the voters pursuant to Proposition 13, approved in 1978, and other measures through the use of non-tax fees and charges. Proposition 26 expressly excludes from its scope a charge imposed for a specific local government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable cost to the local government of providing the service or product. Proposition 26



is not retroactive as applied to local governments. Although SMUD believes its fees and charges meet the criteria of the exclusion described above, it is possible that Proposition 26 could be interpreted to further limit fees and charges for electric utility services and/or require stricter standards for the allocation of costs among customer classes. SMUD is unable to predict at this time how Proposition 26 will be interpreted by the courts or what its ultimate impact will be. As of the date of this Official Statement, SMUD is unaware of any fees or charges relating to SMUD's service that would have to be reduced or eliminated because of Proposition 26. However, certain of SMUD's adopted rate increases have been challenged. See "LEGAL PROCEEDINGS – Proposition 26 Lawsuit."

***Initiative 1935.*** A voter initiative entitled "The Taxpayer Protection and Government Accountability Act" ("Initiative 1935") would amend Article XIII C of the State Constitution to, among other things, provide that charges (or increases in charges) imposed or extended by a local government after January 1, 2022 for services or products provided directly to the payor (including, potentially, fees and charges for electric utility services) are "taxes" subject to voter approval unless the local government can prove by clear and convincing evidence that the charge is reasonable and does not exceed the "actual cost" of providing the service or product. Initiative 1935 defines "actual cost" as "(i) the minimum amount necessary to reimburse the government for the cost of providing the service or the product to the payor and (ii) where the amount charged is not used by the government for any purpose other than reimbursing that cost." Initiative 1935 would also require that local governments impose fees and charges by ordinance (which may be subject to referendum).

On June 20, 2024, the California Supreme Court ruled the initiative ineligible for the November 2024 ballot, concluding:

"Petitioners have clearly established that the challenged measure would revise the Constitution without complying with the appropriate procedure. The changes proposed by the TPA [Taxpayer Protection Act] are within the electorate's prerogative to enact, but because those changes would substantially alter our basic plan of government, the proposal cannot be enacted by initiative. It is instead governed by the procedures for revising our Constitution. We therefore issue a peremptory writ of mandate directing the Secretary to refrain from taking any steps to place the TPA on the November 5, 2024 election ballot or to include the measure in the voter information guide."

On November 2, 2023, Assembly Constitutional Amendment No. 13 ("ACA 13") was filed with the Secretary of State and was originally slated to be on the ballot for the November 2024 statewide general election, but subsequent legislation (AB 440m Statutes of 2024), moved it to the November 2026 election. If approved by voters, ACA 13 would require any initiative constitutional amendment appearing on the ballot that would increase the voter approval requirement to adopt any State or local measure to be approved by the highest voter approval requirement that the initiative measure would impose. In other words, if ACA 13 is approved by voters, its express terms appear to require an initiative like Initiative 1935 to pass with a 2/3 vote, since Initiative 1935 would extend a 2/3 vote requirement to additional State and local fees and charges.

***Wildfire Legislation.*** In response to catastrophic wildfires in California, legislation was adopted and signed into law requiring POUs (including SMUD), IOUs, and electrical cooperatives to construct, maintain and operate their electrical lines and equipment in a manner that will minimize the risk of catastrophic wildfire posed by electrical lines and equipment. Senate Bill 247 ("SB 247"), signed by Governor Newsom on October 2, 2019, establishes notification, audit and reporting guidelines for electrical corporations relating to vegetation management requirements in the wildfire mitigation plan. SB 247 also specifies the qualifications for electrical line clearance tree trimmers performing work to comply with the vegetation management requirements in an electrical corporation's wildfire mitigation plan and requires that qualified line clearance tree trimmers be paid no less than a specified prevailing wage rate. POUs are



not required to adhere to SB 247, but the market impacts are projected to significantly increase SMUD's annual vegetation management costs.

Following the recent Southern California fires several legislative proposals addressing wildfire risk and mitigation are anticipated. SMUD is unable to predict at this time the potential impact any such proposals will have on the operations and finances of SMUD or the electric utility industry generally.

***Nonstock Security.*** SMUD sponsored legislation in 2019, Assembly Bill 689, which was signed into law by Governor Newsom on September 5, 2019. This bill expressly allows SMUD the ability to operate a pilot project (effective January 1, 2020, to January 1, 2025), of up to three acquisitions, to hold nonstock security in a corporation or other private entity if acquired as part of a procurement of goods or services from that entity, provided that no separate funding is expended solely for the nonstock security. This will allow SMUD to realize the financial benefits of its investments, partnerships, and intellectual property.

On September 15, 2022, the Board authorized the CEO & GM to enter into a joint collaboration agreement with ESS Tech, Inc. ("ESS"). Under that agreement SMUD would procure from ESS iron flow batteries for utility scale long-duration energy storage applications. The agreement contemplates a multi-year phased deployment of up to 200MW/2GWh of long duration energy storage by 2028. As part of that procurement, SMUD acquired nonstock security in ESS.

SMUD sponsored legislation in 2024, AB 2457 (McCarty), to extend the authority granted by Assembly Bill 689 to future years. AB 2457 was passed by the legislature and signed into law, taking effect on January 1, 2025. SMUD's pilot nonstock security authority is now extended to 2035, with 6 allowable acquisitions.

#### ***Air Quality Violation Fees***

AB 1465 (Wicks, Statutes of 2024) increased existing air district civil penalty limits by a factor of up to three for emissions from a Title V source that contain one or more air contaminants. If a Title V emissions source was found to be in violation, the local air district may impose penalties that are triple the current rate. Typically, penalties are now assessed at \$5,000 per day (\$15,000 by Jan 1, 2025). SMUD has 5 Title V facilities.

SMUD was able to get a letter on record that clarifies that this does not apply during declared emergencies.

#### **Future Regulation**

The electric industry is subject to continuing legislative and administrative reform. States and Federal entities routinely consider changes to the way in which they regulate the electric industry. Recently, both further deregulation and forms of additional regulation have been proposed for the industry, which has been highly regulated throughout its history. SMUD is unable to predict at this time the impact any such proposals will have on the operations and finances of SMUD or the electric utility industry generally.

### **OTHER FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY**

#### **CAISO Market Initiatives**

The CAISO routinely conducts a number of initiatives and stakeholder processes that propose certain operational and market changes that impact SMUD. SMUD does and will continue to monitor the



various initiatives proposed by the CAISO and participate in its stakeholder processes to ensure that its interests are protected.

SMUD participates in the CAISO market for only a small percentage of energy needs, however, it continues to benefit from its participation in the CAISO's WEIM plans to participate in the CAISO's Extended Day Ahead Market ("EDAM") (both the WEIM and EDAM are described further below). Along with monitoring other key market initiatives at the CAISO which impact wholesale energy markets, SMUD will continue to actively participate in all processes related to EIM and EDAM, to ensure both participation models are beneficial to SMUD's customers. Given its success in EIM and active engagement with the CAISO and CAISO leadership, SMUD has earned a key role in the stakeholder processes related to these important and evolving markets.

## **Resource Adequacy**

In September 2005, the State Legislature enacted and the Governor signed into law Assembly Bill 380 ("AB 380"), which requires the CPUC to establish resource adequacy requirements for all LSEs within the CPUC's jurisdiction. SMUD is not an LSE subject to the CPUC's jurisdiction. In 2005, the CPUC issued a decision requiring jurisdictional LSEs to demonstrate that they have acquired capacity sufficient to serve their forecast retail customer load plus a minimum 15% planning reserve margin. The CPUC in recent years has increased the minimum planning reserve margin, which currently is set at 17% for both 2024 and 2025.

AB 380 also required publicly owned utilities, including SMUD, to meet the most recent resource adequacy standard as adopted by the WECC. The WECC has yet to formally adopt a resource adequacy requirement. However, consistent with current WECC practices, SMUD utilizes a minimum 15% planning reserve margin when assessing the need for future resources. In recent years, SMUD has attained a 17% planning reserve margin and will have at least a 17.5% planning reserve margin for summer 2025.

In 2022, the State Legislature adopted Assembly Bill 209 (2022) ("AB 209"), which requires the CEC to develop recommendations about approaches to determining an appropriate planning reserve margin for local publicly owned utilities within the CAISO balancing authority area. In August 2024, the CEC issued its California Energy Resource and Reliability Outlook, which made several recommendations regarding the methodology for determining planning reserve margins. This report does not directly impact SMUD since SMUD is not in the CAISO; nevertheless, SMUD considers best practices when developing resource planning processes.

The State Legislature also passed Assembly Bill 1373 (2023) ("AB 1373") that requires the CEC to submit a report to the Legislature that assesses whether each local publicly owned electric utility in California (both inside and outside the CAISO) exceeded, met, or failed to meet its minimum planning reserve margin for 2023. The report must also assess whether local publicly owned utilities met the planning reserve margin for June through September 2023 established by the CPUC's June 2022 decision (i.e., 16%).

The CEC's AB 1373 report, published in April 2024, showed that SMUD met its 15% planning reserve margin; it also acknowledged the limitations of the data CEC staff relied upon for this assessment. The report did not directly compare SMUD or other POU's to the CPUC's 16% planning reserve margin for 2023. The report also found that some POU's within the CAISO were short compared to reported peak demand plus 15% planning reserve margin. AB 1373 also authorizes the CEC to annually assess a capacity payment on POU's within the CAISO balancing authority area during a month in which the POU fails to meet its minimum planning reserve margin. The CEC continues to develop regulations to implement the



AB 1373 capacity payment, but SMUD will not be impacted by these regulations because SMUD is within the BANC, rather than CAISO, balancing authority area.

To the extent the CEC or Legislature were to impose a higher POU planning reserve margin or required planning reserve methodologies for future years that includes SMUD, the ultimate impacts on SMUD's financial results and operations are difficult to predict and are dependent on a variety of factors, such as the relative cost of procuring energy/capacity, the availability and relative cost of new technologies, and the adoption and implementation of energy efficiency and other measures by SMUD's customers; however, such impacts could be material.

### **Western Energy Imbalance Market and Extended Day Ahead Market**

Federal and state policymakers have long-promoted the development of organized markets in the west as a means (among other reasons) to better integrate intermittent renewable resources into the electric system, the first of which markets is the Western EIM, operated by the CAISO. The CAISO successfully launched the WEIM, a real time only imbalance market, on October 1, 2014, with PacifiCorp as the first participant. Since this time, the WEIM has grown significantly with the addition of 21 other Balancing Authority Areas (including BANC) which together comprise roughly 80% of the load in the Western Interconnection.

To date, participation in the WEIM by SMUD has shown significant financial and operational benefits, in addition to furthering an already favorable working partnership between SMUD and the CAISO to develop solutions to integrate renewable resources in support of carbon reduction goals.

BANC's participation not only signaled the first public power participant in the EIM, but it was also implemented utilizing a unique phased approach, with SMUD (as the largest member of BANC) implementing so-called WEIM Phase 1 in 2019, while the other BANC members and WAPA (the "Phase 2 Parties") joined after further evaluation and approvals in March of 2021.

Part of the BANC Phase 2 participation included reimbursement to SMUD certain upfront infrastructure costs incurred by SMUD in Phase 1 to establish BANC as an WEIM Entity. This reimbursement to SMUD by the Phase 2 Parties has been completed.

The CAISO and WEIM participants, including SMUD and BANC, have participated in developing a design framework to extend the successful WEIM real time framework to the EDAM. Like WEIM, EDAM would broaden the access to regional resources for the reliable integration of renewable resources, only over a longer (day ahead) time horizon by allowing for a more economic and efficient optimization of regional resources by providing grid operators greater time (day ahead as opposed to real time) to commit or decommit units based on market price signals. Only participants in the WEIM will be allowed to extend their participation to EDAM. The CAISO launched a public stakeholder initiative and utilized most of 2022 developing the EDAM design. On February 1, 2023 the CAISO Board of Governors and EIM Governing Body approved the EDAM proposal, with the CAISO filing tariff amendments with FERC on August 22, 2023. FERC unanimously approved most of the filing on December 20, 2023, rejecting without prejudice just one element of the EDAM proposal related to transmission revenue recovery for market participants. The CAISO filed a refined transmission revenue recovery proposal with FERC, which FERC approved on June 11, 2024. The CAISO has worked with first movers, PacifiCorp and Portland General Electric, to launch EDAM in 2026. However, given certain concerns by stakeholders regarding PacifiCorp's EDAM tariff filing at FERC, the CAISO has launched a new stakeholder initiative to revise EDAM's transmission congestion revenue allocation framework. The market is scheduled to go-live in May of 2026. Similar to the process around WEIM participation, SMUD, along with BANC, performed cost-benefit studies that demonstrated EDAM participation will expand on the existing WEIM benefits and in August 2023, SMUD



and BANC both approved participation in EDAM. On December 5, 2024, the CAISO filed an EDAM Implementation Agreement with BANC, which FERC approved on January 27, 2025. BANC and SMUD have begun implementation efforts with plans to participate in EDAM beginning May 2027.

Seen as an important step in the evolution of EIM and EDAM is the Pathways Initiative (“Pathways”). Pathways is a west wide effort launched in 2023 with the goal of creating a new entity with an independent governance structure separate from the CAISO. The new entity, or “regional organization,” would provide electric market functions overseeing the CAISO western market offerings. Independent governance is a critical gating issue for certain entities outside of California to participate in EDAM and provides the ability for potential future expansion of additional market functions across the largest possible footprint beyond California’s borders. SMUD supports Pathways because a broader EIM and EDAM footprint will help market operational efficiency and keep energy purchases more affordable. The next step for Pathways is a revision to California law to facilitate this CAISO market transformation, and Senate Bill 540 (Becker) is the legislative vehicle to address this issue.

### **Other Factors**

The electric utility industry in general has been, or in the future may be, affected by a number of other factors which could impact the financial condition and competitiveness of many electric utilities and the level of utilization of generating and transmission facilities. In addition to the factors discussed above, such factors include, among others, (a) effects of compliance with rapidly changing environmental, safety, licensing, regulatory and legislative requirements other than those described above; (b) changes resulting from conservation and demand side management programs on the timing and use of electric energy; (c) changes resulting from a national energy policy; (d) effects of competition from other electric utilities (including increased competition resulting from mergers, acquisitions, and “strategic alliances” of competing electric and natural gas utilities and from competitors transmitting less expensive electricity from much greater distances over an interconnected system) and new methods of, and new facilities for, producing low cost electricity; (e) the repeal of certain federal statutes that would have the effect of increasing the competitiveness of many IOUs; (f) increased competition from independent power producers and marketers, brokers and federal power marketing agencies; (g) “self-generation” or “distributed generation” (such as solar, microturbines and fuel cells) by industrial and commercial customers and others; (h) issues relating to the ability to issue tax exempt obligations, including severe restrictions on the ability to sell to nongovernmental entities electricity from generation projects and transmission service from transmission line projects financed with tax exempt obligations; (i) effects of inflation on the operating and maintenance costs of an electric utility and its facilities; (j) changes from projected future load requirements; (k) increases in costs and uncertain availability of capital; (l) issues relating to supply chains and the uncertain availability or increased costs of necessary materials; (m) shifts in the availability and relative costs of different fuels (including the cost of natural gas); (n) sudden and dramatic increases in the price of energy purchased on the open market that may occur in times of high peak demand in an area of the country experiencing such high peak demand, such as has occurred in the State; (o) issues relating to risk management procedures and practices with respect to, among other things, the purchase and sale of natural gas, energy and transmission capacity; (p) other legislative changes, voter initiatives, referenda and statewide propositions; (q) effects of changes in the economy; (r) effects of possible manipulation of the electric markets; (s) natural disasters or other physical calamities, including, but not limited to, earthquakes, droughts, severe weather, wildfires and floods; (t) changes to the climate, including increasing volatility in rainfall in the Western United States and a reduction in the depth and duration of the Sierra snowpack; (u) issues relating to cyber-security; and (v) outbreaks of infectious diseases or the occurrence of pandemics. Any of these factors (as well as other factors) could have an adverse effect on the financial condition of any given electric utility, including SMUD’s electric utility, and likely will affect individual utilities in different ways.



SMUD is unable to predict what impact such factors will have on the business operations and financial condition of SMUD's electric system, but the impact could be significant. SMUD has taken major steps to mitigate the impacts of many of the changes. This Official Statement includes a brief discussion of certain of these factors. This discussion does not purport to be comprehensive or definitive, and these matters are subject to change subsequent to the date hereof. Extensive information on the electric utility industry is available from the legislative and regulatory bodies and other sources in the public domain, and potential purchasers of any of SMUD's Senior Bonds or Subordinated Bonds described in the forepart of this Official Statement should obtain and review such information.



**SACRAMENTO MUNICIPAL UTILITY DISTRICT**

**\$[\_\_\_\_\_]  
Electric Revenue Bonds, 2025 Series O  
[(Green Bonds)]**

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**CONTRACT OF PURCHASE**

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[PRICING DATE]

Honorable Board of Directors  
Sacramento Municipal Utility District  
6201 S Street  
Sacramento, California 95817-1899

Dear Directors:

The undersigned Barclays Capital Inc., BofA Securities, Inc., J.P. Morgan Securities LLC, PNC Capital Markets LLC, Goldman Sachs & Co. LLC, Morgan Stanley & Co. LLC and Wells Fargo Bank, National Association (herein collectively referred to as the “Underwriters”), acting for and on behalf of themselves, offer to enter into this Contract of Purchase (the “Contract of Purchase”) with the Sacramento Municipal Utility District (the “District”) which, upon the District’s acceptance, will be binding upon the District and upon the Underwriters. Barclays Capital Inc. has been duly authorized to execute this Contract of Purchase and to act hereunder by and based on representations made to it under an Agreement Among Underwriters dated [\_\_\_\_\_, 2025] on behalf of the Underwriters as the Senior Managing Underwriter (the “Senior Underwriter”). This offer is made subject to the District’s acceptance on or before 5:00 p.m., Sacramento time, on the date hereof, and if not so accepted, will be subject to withdrawal by the Underwriters upon notice delivered to the District at any time prior to the acceptance hereof by the District.

**1. Purchase, Sale and Delivery of the Bonds.** Subject to the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriters, jointly and severally, hereby agree to purchase from the District, and the District hereby agrees to sell to the Underwriters, all (but not less than all) of the \$[\_\_\_\_\_] aggregate principal amount of the Sacramento Municipal Utility District Electric Revenue Bonds, 2025 Series O [(Green Bonds)] (the “Bonds”), dated [CLOSING DATE], bearing interest as set forth in the Official Statement (as hereinafter defined) of the District relating to the Bonds in each year



until maturity or earlier redemption at the rates and maturing on the dates and in the amounts set forth in the Official Statement. The purchase price for the Bonds shall be \$[ ] (consisting of the principal amount of the Bonds of \$[ ] plus original issue premium of \$[ ] and minus an Underwriters' discount of \$[ ]).

(b) The Bonds shall be substantially in the form described in, shall be issued and secured under the provisions of, and shall be payable as provided in, Resolution No. 6649, adopted by the Board of Directors of the District on January 7, 1971 (the "Master Resolution"), as heretofore amended and supplemented, including the amendments and supplements thereto made by Resolution No. [25-05- ], adopted by the Board of Directors on [May 15, 2025] (the "Sixty-Eighth Supplemental Resolution"). The Master Resolution, as supplemented and amended as described in this Contract of Purchase, is herein called the "Resolution." The Bonds are authorized to be issued pursuant to applicable California law, including the Municipal Utility District Act (Sections 12850 to 12860 of the Public Utilities Code), the Revenue Bond Law of 1941 (Government Code Section 54300 *et seq.*), Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (Section 53580 *et seq.*) and the Resolution. The Bonds will be special obligations of the District payable exclusively from, and are secured by a pledge (effected in the manner and to the extent provided in the Resolution) of, the Net Revenues (as defined in the Resolution). The Bonds shall be payable and shall be subject to redemption as provided in the Resolution.

(c) The proceeds of the Bonds will be used to (i) finance and refinance certain improvements and additions to the District's Electric System, including by paying the outstanding principal amount of the District's commercial paper notes at maturity, and (ii) to pay certain costs associated with the issuance of the Bonds.

(d) The District has heretofore delivered to the Underwriters copies of the Preliminary Official Statement dated [POS DATE] relating to the Bonds (the "Preliminary Official Statement") in connection with the public offering of the Bonds. The Preliminary Official Statement was deemed final by the District as of the date thereof in accordance with paragraph (b)(1) of Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12"), except for the information not required to be included therein under Rule 15c2-12.

(e) The District shall prepare and deliver to the Underwriters, as promptly as practicable, but in any event not later than one business day prior to the Closing Date (as defined below) or seven business days from the date hereof, a final official statement, with such changes and amendments as may be agreed to by the Underwriters, in such quantities as the Underwriters may reasonably request in order to comply with paragraph (b)(4) of Rule 15c2-12 and the rules of the Municipal Securities Rulemaking Board ("MSRB") (such official statement, including the cover page and Appendices thereto, as the same may be supplemented or amended pursuant to paragraph (i) of Section 2 hereof, is herein referred to as the "Official Statement"). In addition, the District will provide, subject to customary disclaimers regarding the transmission of electronic copies, an electronic copy of the final Official Statement to the Underwriters in the currently required designated electronic format stated in MSRB Rule G-32 and the EMMA Dataport Manual (as defined below). The parties agree that the format in which the Preliminary Official Statement was delivered meets such electronic format requirements.



(f) Within one (1) business day after receipt of the Official Statement from the District, but by no later than the Closing Date, the Underwriters shall, at their own expense submit the Official Statement to EMMA (as defined below). The Underwriters will comply with the provisions of MSRB Rule G-32, including without limitation the submission of Form G-32 and the Official Statement and notify the District of the date on which the Official Statement has been filed with EMMA.

“EMMA” means the MSRB’s Electronic Municipal Market Access system, or any other electronic municipal securities information access system designated by the MSRB for collecting and disseminating primary offering documents and information.

“EMMA Dataport Manual” means the document(s) designated as such published by the MSRB from time to time setting forth the processes and procedures with respect to submissions to be made to the primary market disclosure service of EMMA by underwriters under Rule G-32(b).

(g) The District hereby ratifies, confirms and approves the use and distribution by the Underwriters prior to the date hereof of the Preliminary Official Statement and hereby authorizes the Underwriters to use and distribute the Official Statement, the Resolution, and this Contract of Purchase, and all information contained in each, and all other documents, certificates and statements furnished by the District to the Underwriters in connection with the transactions contemplated by this Contract of Purchase, in connection with the offer and sale of the Bonds.

The District will covenant pursuant to a Continuing Disclosure Agreement dated as of the date of the issuance of the Bonds (the “Undertaking”), between the District and U.S. Bank Trust Company, National Association (the “Trustee”), to provide annual reports and certain notices as described in Appendix F of the Official Statement.

(h) The District acknowledges and agrees that: (i) the Underwriters are not acting as municipal advisors within the meaning of Section 15B of the Securities Exchange Act, as amended, (ii) the primary role of the Underwriters, as underwriters, is to purchase securities, for resale to investors, in an arm’s length commercial transaction between the District and the Underwriters and the Underwriters have financial and other interests that differ from those of the District; (iii) the Underwriters are acting solely as principals and are not acting as municipal advisors, financial advisors or fiduciaries to the District and have not assumed any advisory or fiduciary responsibility to the District with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters have provided other services or are currently providing other services to the District on other matters); (iv) the only contractual obligations the Underwriters, as underwriters, have to the District with respect to the transaction contemplated hereby expressly are set forth in this Contract of Purchase; and (v) the District has consulted its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it has deemed appropriate.

(i) At 8:00 A.M., Sacramento time, on [CLOSING DATE] or at such earlier or later time or date as shall be agreed upon by the Underwriters and the District (such time and date being herein referred to as the “Closing Date”), the District will deliver the Bonds to The Depository Trust Company, New York, New York (“DTC”), for the account of the Underwriters, duly executed by the District, and the other documents herein mentioned; and the Underwriters



will (i) accept such delivery and pay the purchase price of the Bonds as set forth in paragraph (a) of this Section by wire transfer in San Francisco, California to the order of the District. Delivery of the documents herein mentioned shall be made at the offices of Orrick, Herrington & Sutcliffe LLP, 400 Capitol Mall, Suite 3000, Sacramento, California 95814, or such other place as shall have been mutually agreed upon by the District and the Underwriters, except that the Bonds shall be delivered at the offices of DTC in New York, New York or at such other place and in such manner as shall have been mutually agreed upon by the District and the Underwriters.

The Bonds shall be issued initially in fully registered book-entry eligible form (which may be typewritten) in the form of a single registered bond for each maturity of the Bonds, shall bear CUSIP numbers and shall be registered in the name of Cede & Co., as nominee of DTC.

**2. Representations, Warranties and Agreements of the District.** The District hereby represents, warrants to and agrees with the Underwriters that:

(a) The District is a political subdivision of the State of California duly organized and validly existing pursuant to the Municipal Utility District Act as contained in Public Utilities Code Section 11501 *et seq.* (the “Act”) and has, and at the Closing Date will have, full legal right, power and authority (i) to enter into this Contract of Purchase, and the Undertaking, (ii) to adopt the Resolution, (iii) to pledge the Net Revenues as set forth in the Resolution, (iv) to issue, sell and deliver the Bonds to the Underwriters pursuant to the Resolution as provided herein, (v) to acquire, construct, operate, maintain, improve and finance and refinance its Electric System (as defined in the Resolution) and conduct the business thereof as set forth in and contemplated by the Preliminary Official Statement and the Official Statement, and (vi) to carry out, give effect to and consummate the transactions contemplated by this Contract of Purchase, the Undertaking, the Resolution, and the Preliminary Official Statement and the Official Statement;

(b) The District has complied, and will at the Closing Date be in compliance, in all material respects, with the Act, the Resolution, and with the obligations in connection with the issuance of the Bonds on its part contained in the Resolution, the Bonds, the Act, the Undertaking and this Contract of Purchase;

(c) The District has duly and validly adopted the Resolution, has duly authorized and approved the execution and delivery of the Bonds, this Contract of Purchase, the Undertaking and the Official Statement and has duly authorized and approved the performance by the District of its obligations contained in, and the taking of any and all action as may be necessary to carry out, give effect to and consummate the transactions contemplated by, each of said documents and, at the Closing Date, the Bonds will have been validly issued and delivered, the Resolution, the Undertaking and this Contract of Purchase will constitute the valid, legal and binding obligations of the District enforceable in accordance with their respective terms (subject to the effect of, and restrictions and limitations imposed by or resulting from, (i) bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws affecting creditors’ rights, and (ii) judicial discretion) and the Resolution will be in full force and effect;

(d) The District is not in breach of or in default under any existing constitutional provision, applicable law or administrative rule or regulation of the State of California, the United States of America, or of any department, division, agency or instrumentality of either or any



applicable court or administrative decree or order, or any loan agreement, bond, note, ordinance, resolution, indenture, contract, agreement or other instrument to which the District is a party or to which the District is otherwise subject or bound which in any material way, directly or indirectly, affects the issuance of the Bonds or the validity thereof, the validity or adoption of the Resolution or the execution and delivery of the Bonds, this Contract of Purchase, the Undertaking or the other instruments contemplated by any of such documents to which the District is a party, and the adoption of the Resolution and compliance with the provisions of each will not, as of the date hereof and as of the Closing Date, conflict with or constitute a breach of or default in any material way under any existing constitutional provision, applicable law or administrative rule or regulation of the State of California, the United States, or of any department, division, agency or instrumentality of either or any applicable court or administrative judgment, decree or order, or any loan agreement, bond, note, ordinance, resolution, indenture, contract, agreement or other instrument to which the District is a party or to which the District or any of the property or assets of the Electric System (as defined in the Resolution) are otherwise subject or bound, and no event which would have a material and adverse effect upon the financial condition of the District has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the District under any of the foregoing;

(e) All approvals, consents, authorizations, licenses and permits, elections and orders of or filings or registrations with any governmental authority, legislative body, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect, the due performance by the District of its obligations in connection with the issuance of the Bonds under the Resolution, the Undertaking and this Contract of Purchase have been duly obtained or made and are in full force and effect, except for such approvals, consents and orders as may be required under the “Blue Sky” or other securities laws of any state in connection with the offering and sale of the Bonds; and, except as disclosed in the Preliminary Official Statement and the Official Statement, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, board, agency or commission having jurisdiction in the matters which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the District of its respective obligations under, this Contract of Purchase, the Undertaking, the Bonds or the Resolution, or which are necessary to permit the District to carry out the transactions contemplated by the Preliminary Official Statement and the Official Statement to acquire, construct, operate, maintain, improve and finance the Electric System have been duly obtained or, where required for future performance, are expected to be obtained;

(f) The Bonds, when issued and delivered in accordance with the Resolution and this Contract of Purchase and paid for by the Underwriters on the Closing Date as provided herein, will be validly issued and outstanding special obligations of the District enforceable against the District in accordance with their terms and entitled to all the benefits and security of the Resolution; and, upon the issuance and delivery of the Bonds, the Resolution will provide, for the benefit of the holders from time to time of the Bonds, a legally valid and binding pledge of and lien on Net Revenues pledged under the Resolution, as provided in and contemplated by the Resolution;

(g) The Preliminary Official Statement, as of its date and as of the date hereof, did not and does not contain any untrue statement of a material fact or omit to state a material fact



required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(h) At the time of the District's acceptance hereof and (unless the Official Statement is amended or supplemented pursuant to paragraph (i) of Section 2 hereof) at all times subsequent to the date of delivery thereof up to and including the Closing Date, the Official Statement will be true, correct, complete and final in all material respects and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(i) If, after the date of this Contract of Purchase and until 25 days after the end of the "underwriting period" (as defined in Rule 15c2-12), any event shall occur that might cause the Official Statement to contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the District hereby covenants and agrees, to the extent it has knowledge of such event, to notify the Underwriters (and for the purposes of this clause to provide the Underwriters with such information as they may from time to time reasonably request), and, if in the opinion of the Underwriters and their counsel such event requires the preparation and publication of a supplement or amendment to the Official Statement, at its expense to supplement or amend the Official Statement in a form and manner approved by the Underwriters and furnish to the Underwriters a reasonable number of copies of such supplement or amendment. For purposes of this Contract of Purchase, the District may assume that the end of the "underwriting period" has occurred on the Closing Date unless the District is otherwise notified by the Underwriters on or prior to the Closing Date. If the Underwriters notify the District that the Closing Date is not the end of the "underwriting period", then the Underwriters shall further notify the District of the date that is the end of the "underwriting period" (as defined in Rule 15c2-12);

(j) If the Official Statement is supplemented or amended pursuant to paragraph (i) of Section 2 of this Contract of Purchase, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the "underwriting period", the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which made, not misleading;

(k) Except as disclosed in the Preliminary Official Statement and the Official Statement, no litigation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, regulatory agency, public board or body, is pending or, to the knowledge of the officer of the District executing this Contract of Purchase after due investigation, threatened (i) in any way affecting the corporate existence of the District or the titles of its officers to their respective offices, (ii) affecting or seeking to prohibit, restrain or enjoin the issuance, sale or delivery of any of the Bonds, the application of the proceeds thereof in accordance with the Resolution, or the collection or application of Revenues (as defined in the Resolution) or the collection or application of the Net Revenues pledged to pay the principal of and interest on the Bonds under the Resolution or in any way contesting or affecting the validity or enforceability of any of the Bonds, the Resolution, the Undertaking, this Contract of Purchase or any action of the District contemplated by any of said documents, (iii) which may result in any material adverse



change relating to the District, other than routine litigation of the type which normally accompanies its operation of its generation, transmission and distribution facilities, (iv) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or the powers of the District or its authority with respect to the Bonds, the adoption of the Resolution, or the execution and delivery of the Undertaking, or this Contract of Purchase, or any action of the District contemplated by any of said documents, and (v) which would adversely affect the exclusion from gross income for federal income tax purposes of interest paid on the Bonds, nor to the knowledge of the officer of the District executing this Contract of Purchase is there any basis therefor;

(l) The District will furnish such information, execute such instruments and take such other action in cooperation with the Underwriters as the Underwriters may reasonably request (i) to qualify the Bonds for offer and sale under the “Blue Sky” or other securities laws and regulations of such states and other jurisdictions of the United States as the Senior Underwriter may designate, and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions and will use its best efforts to continue such qualifications in effect so long as required for the distribution of the Bonds; provided that in connection therewith the District shall not be required to execute or file a general or special consent to service of process or qualify to do business in any jurisdiction and will advise the Senior Underwriter promptly of receipt by the District of any written notification with respect to the suspension of the qualification of the Bonds for sale in any jurisdiction or written notification of the initiation or threat of any proceeding for that purpose;

(m) The audited financial statements of the District for the years ending December 31, 2024 and December 31, 2023 heretofore delivered to the Underwriters and incorporated by reference in the Preliminary Official Statement and the Official Statement as Appendix B fairly present the financial position of the District as of the dates indicated and such financial statements have been prepared in conformity with generally accepted accounting principles applied on a consistent basis;

(n) Between the date hereof and the Closing Date, the District will not, without the prior written consent of the Senior Underwriter, offer or issue any bonds, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent, nor will there be any adverse change of a material nature in the financial position, results of operations or condition, financial or otherwise, of the District, in either case other than in the ordinary course of its business or as disclosed in the Preliminary Official Statement or the Official Statement or as otherwise disclosed to the Senior Underwriter;

(o) The Bonds, the Resolution and the Undertaking conform to the descriptions thereof contained in the Preliminary Official Statement and the Official Statement;

(p) The District has the legal authority to apply and will apply, or cause to be applied, the proceeds from the sale of the Bonds as provided in and subject to all of the terms and provisions of the Resolution and as described in the Preliminary Official Statement and the Official Statement, including for payment of District expenses incurred in connection with the negotiation, marketing, issuance and delivery of the Bonds to the extent required by Section 7 (Expenses), and



will not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds;

(q) Any certificate signed by any official of the District, and delivered to the Underwriters, shall be deemed a representation and warranty by the District to the Underwriters as to the statements made therein; and

(r) Except as disclosed in the Preliminary Official Statement and the Official Statement, during the last five years the District has complied in all material respects with all previous undertakings required by Rule 15c2-12.

**3. Conditions to the Obligations of the Underwriters.** The obligations of the Underwriters to accept delivery of and pay for the Bonds on the Closing Date shall be subject to the performance by the District of its obligations to be performed hereunder at or prior to the Closing Date and to the fulfillment of the following conditions:

(a) The representations, warranties and covenants of the District contained herein shall be true, complete and correct on the date hereof and as of the Closing Date as if made on the Closing Date;

(b) At the Closing Date, the Resolution shall have been duly adopted and shall be in full force and effect, and shall not have been repealed, amended, modified or supplemented, except as may have been agreed to in writing by the Underwriters, and there shall have been taken in connection therewith, with the issuance of the Bonds and with the transactions contemplated thereby and by this Contract of Purchase, all such actions as, in the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel ("Bond Counsel"), shall be necessary and appropriate;

(c) At the Closing Date, the Official Statement shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriters;

(d) At or prior to the Closing Date, the Underwriters shall have received copies of the following documents, in each case satisfactory in form and substance to the Underwriters:

(1) The Official Statement executed on behalf of the District by its Chief Executive Officer and General Manager, any Member of its Executive Committee, its Treasurer, its Secretary or its Chief Financial Officer (each an "Authorized Representative");

(2) The Undertaking executed on behalf of the District by an Authorized Representative;

(3) The Sixty-Eighth Supplemental Resolution, with only such supplements or amendments thereto as may have been agreed to by the Underwriters and certified by an authorized officer of the District under its seal as having been duly adopted by the District and as being in full force and effect, and the Resolution, certified by an authorized officer of the District as being in full force and effect, with such supplements and amendments thereto adopted after the date hereof as may have been agreed to by the Underwriters;



(4) An opinion or opinions relating to the Bonds, dated the Closing Date and addressed to the District, of Bond Counsel, in substantially the form included in the Official Statement as Appendix E, together with a letter or letters of such Bond Counsel, dated the Closing Date and addressed to the Underwriters, to the effect that the foregoing opinion or opinions addressed to the District may be relied upon by the Underwriters to the same extent as if such opinion or opinions were addressed to them;

(5) An opinion or opinions, dated the Closing Date and addressed to the Senior Underwriter, of Bond Counsel, in substantially the form attached hereto as Exhibit E;

(6) An opinion, dated the Closing Date and addressed to the Senior Underwriter, of General Counsel to the District, in substantially the form attached hereto as Exhibit C;

(7) An opinion, dated the Closing Date and addressed to the Underwriters, of Nixon Peabody LLP, as counsel for the Underwriters ("Underwriters' Counsel"), to the effect that (i) the Bonds are exempt from the registration requirements of the Securities Act of 1933, as amended, and the Resolution is exempt from qualification under the Trust Indenture Act of 1939, as amended; (ii) the Undertaking complies as to form in all material respects with the requirements of paragraph (b)(5) of the Rule applicable to the primary offering of the Bonds; and (iii) based upon the information made available to them in the course of their participation in the preparation of the Preliminary Official Statement and the Official Statement as counsel to the Underwriters and without having undertaken to determine independently, or assuming any responsibility for, the accuracy, completeness or fairness of the statements contained in the Preliminary Official Statement and the Official Statement, they do not believe that (A) the Preliminary Official Statement, as of its date and as of the date of the Contract of Purchase, and (B) the Official Statement as of its date and as of the Closing Date, contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (except for the information relating to Cede & Co., DTC or the operation of the book-entry system, the Appendices to the Official Statement, except Appendices D and F, and summaries thereof and references thereto, and other financial, accounting and statistical data included therein, as to all of which no view need be expressed); and (iii) with respect to such matters as the Underwriters may reasonably require;

(8) A certificate, dated the Closing Date, signed by an Authorized Representative of the District in substantially the form attached hereto as Exhibit D (but in lieu of or in conjunction with such certificate the Underwriters may, in its sole discretion, accept certificates or opinions of General Counsel to the District, or of other counsel acceptable to the Underwriters, that in the opinion of such counsel the issues raised in any pending or threatened litigation referred to in such certificate are without substance or that the contentions of all plaintiffs therein are without merit);



(9) An acceptance of and agreement to the provisions of the Sixty-Eighth Supplemental Resolution executed by the Trustee under the Resolution in form and substance acceptable to the Underwriters;

(10) A tax certificate related to the Bonds in substance and form satisfactory to Bond Counsel;

(11) Ratings of the Bonds from Fitch Ratings, Inc. (“Fitch”) of not less than “[\_\_ (\_\_\_\_ outlook)],” and from Moody’s Investors Service Inc. (“Moody’s”) of not less than “[\_\_ (\_\_\_\_ outlook)]”;

(12) An opinion of counsel to the Trustee, dated the Closing Date, addressed to the Underwriters, to the effect that (i) the Trustee is a national banking association duly organized and validly existing under the laws of the United States of America having full power and being qualified to enter into, accept and agree to the provisions of the Resolution and to enter into and perform the Undertaking, (ii) the Undertaking has been duly authorized, executed and delivered by the Trustee and, assuming due authorization, execution and delivery by the other parties thereto, constitutes the valid and binding obligation of the Trustee enforceable in accordance with its terms, subject to laws relating to bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting creditors’ rights generally, to the application of equitable principals and to the exercise of judicial discretion in appropriate cases, and to enter into and perform the Undertaking, (iii) all approvals, consents and orders of any governmental authority or agency having jurisdiction in this matter that would constitute a condition precedent to the performance by the Trustee of its duties and obligations under the Resolution, and the Undertaking have been obtained and are in full force and effect, and (iv) the acceptance of the duties and obligations of the Trustee under the Resolution, and the Undertaking and the consummation of the transactions on the part of the Trustee contemplated therein, and the compliance by the Trustee, as applicable, with the terms, conditions and provisions of such document do not contravene any provisions of applicable law or regulation or any order or decree, writ or injunction or the Articles of Association or Bylaws of the Trustee, and, to the best knowledge of such counsel, will not require the consent under or result in a breach of or a default under, any resolution, agreement or other instrument to which the Trustee is a party or by which it may be bound;

(13) A copy of the Blanket Letter of Representations to DTC relating to the Bonds signed by DTC and the District; and

(14) Such additional legal opinions, certificates, instruments and other documents as the Underwriters may reasonably request to evidence the truth and accuracy and completeness, as of the date hereof and as of the Closing Date, of the District’s representations and warranties contained herein and of the statements and information contained in the Preliminary Official Statement or the Official Statement, and the due performance or satisfaction by the District at or prior to the Closing Date of all agreements then to be performed and all conditions then to be satisfied by the District in connection with the transactions contemplated hereby and by the Resolution and the Preliminary Official Statement or the Official Statement.



If any of the conditions to the obligations of the Underwriters contained in this Section or elsewhere in this Contract of Purchase with respect to the Bonds shall not have been satisfied when and as required herein, all obligations of the Underwriters hereunder with respect to the Bonds may be terminated by the Underwriters at, or at any time prior to, the Closing Date by written notice to the District.

4. **Offering.** The obligations of the District to sell and to deliver the Bonds on the Closing Date to the Underwriters shall be subject to the following conditions:

(a) The entire \$[ ] aggregate principal amount of the Bonds shall be purchased, accepted and paid for by the Underwriters on the Closing Date; and

(b) The District shall receive an Issue Price Certificate of the Senior Underwriter substantially in the form attached hereto as Exhibit F with respect to the Bonds.

5. **Issue Price of the Bonds.** The Senior Underwriter, on behalf of the Underwriters, agrees to assist the District in establishing the issue price of the Bonds and shall execute and deliver to the District at Closing an “issue price” or similar certificate substantially in the form attached hereto as Exhibit F, together with the supporting pricing wires or equivalent communications, with modifications to such certificate as may be deemed appropriate or necessary, in the reasonable judgment of the Senior Underwriter, the District and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds.

(b) [Except for the maturities set forth in Schedule A of Exhibit F attached hereto,] the District will treat the first price at which 10% of each maturity of the Bonds (the “10% test”) is sold to the public as the issue price of that maturity. At or promptly after the execution of this Contract of Purchase, the Senior Underwriter shall report to the Issuer the price or prices at which the Underwriters have sold to the public each maturity of Bonds. [If at that time the 10% test has not been satisfied as to any maturity of the Bonds, the Senior Underwriter agrees to promptly report to the District the prices at which Bonds of that maturity have been sold by the Underwriters to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until either (i) all Bonds of that maturity have been sold or (ii) the 10% test has been satisfied as to the Bonds of that maturity, provided that, the Underwriters’ reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Senior Underwriter, the District or bond counsel.] For purposes of this Section, if Bonds mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Bonds.

(c) [The Senior Underwriter confirms that the Underwriters have offered the Bonds to the public on or before the date of this Contract of Purchase at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in Schedule A of Exhibit F attached hereto. Schedule A of Exhibit F attached hereto sets forth, as of the date of this Contract of Purchase, the maturities, if any, of the Bonds for which the 10% test has not been satisfied and for which the District and the Senior Underwriter, on behalf of the Underwriters, agree that the restrictions set forth in the next sentence shall apply, which will allow the District to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that



maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Senior Underwriter will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the Underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Senior Underwriter will advise the District or the District’s municipal advisor promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

(d) [The Senior Underwriter confirms that:

(1) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the Senior Underwriter is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable:

(A)(i) to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Senior Underwriter that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Senior Underwriter, and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Senior Underwriter and as set forth in the related pricing wires,

(B) to promptly notify the Senior Underwriter of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below),

(C) acknowledge that, unless otherwise advised by the Underwriter, dealer or broker-dealer, the Senior Underwriter shall assume that each order submitted by the Underwriter, dealer or broker-dealer is a sale to the public, and

(2) any agreement among underwriters or selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter or dealer that is party to a third-party distribution agreement to be employed in connection with the initial sale of



the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Senior Underwriter or such Underwriter or dealer that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Senior Underwriter or such Underwriter or dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Senior Underwriter or the Underwriter or the dealer and as set forth in the related pricing wires.

The District acknowledges that, in making the representations set forth in this section, the Senior Underwriter will rely on (i) the agreement of each Underwriter to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The District further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds.]

(e) The Underwriters acknowledge that sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section. Further, for purposes of this section:

(1) “public” means any person other than an underwriter or a related party,

(2) “underwriter” means (A) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public



(including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public),

(3) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(4) “sale date” means the date of execution of this Contract of Purchase by all parties.

6. **Termination.** The Underwriters shall have the right to terminate their obligations under this Contract of Purchase to purchase, accept delivery of and to pay for the Bonds, if,

(a) between the date hereof and the Closing Date, the market price or marketability, or the ability of the Underwriters to enforce contracts for the sale, at the initial offering prices set forth in the Official Statement, of the Bonds have been materially adversely affected, in the judgment of the Underwriters, (evidenced by a written notice to the District terminating the obligation of the Underwriters to accept delivery of and pay for the Bonds), by reason of any of the following:

(1) (x) any legislation which is (A) enacted by Congress, (B) favorably reported for passage to either House of the Congress of the United States by any Committee of such House to which such legislation has been referred for consideration, or (C) recommended to the Congress for passage by the President of the United States or the Treasury Department, but only, however, if the occurrence of any of the foregoing events is generally accepted by the municipal bond market as potentially affecting the federal tax status of the District, its property or income or the interest on its bonds or notes (including the Bonds), (y) any decision rendered by a court established under Article III of the Constitution of the United States or the Tax Court of the United States, or (z) a final order, ruling, regulation or official statement issued or made by or on behalf of the Treasury Department of the United States or the Internal Revenue Service with the purpose or effect, directly or indirectly, of imposing federal income taxation upon such interest as would be received by the holders of the Bonds, or upon such revenues or other income of the general character expected to be received by the District; provided, however, that the enactment of legislation which only diminishes the value of, as opposed to eliminating the exclusion from gross income for federal income tax purposes will not give the Underwriters the right to terminate their obligations hereunder;



(2) Legislation enacted (or resolution passed) by the Congress or a final order, ruling, regulation or official statement is issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds are not exempt from registration under or other requirements of the Securities Act of 1933, as amended, or are not exempt from qualification under, or other requirements of, the Trust Indenture Act of 1939, as amended, or that the issuance, offering or sale of the Bonds or obligations of the general character of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Preliminary Official Statement or the Official Statement, otherwise is or would be in violation of the federal securities laws as amended and then in effect;

(3) Any new material outbreak or escalation of hostilities having a material effect on the financial markets of the United States or the declaration by the United States of a national emergency or war or the occurrence of any other local, national or international calamity, crisis or event relating to the effective operation of the government of or the financial community in the United States or an escalation thereof, including, without limitation, a downgrade of the sovereign debt rating of the United States by any major credit rating agency or payment default on United States Treasury obligations;

(4) the declaration of a general banking moratorium by federal, New York or California authorities, or the general suspension of trading on the New York Stock Exchange or any other national securities exchange, or any material disruption in commercial banking or securities settlement or payment services or clearing services;

(5) the imposition by the New York Stock Exchange or other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Bonds or obligations of the general character of the Bonds or securities generally, or the material increase of any such restrictions now in force, including those relating to the net capital requirements of, the Underwriters;

(6) the adoption of any amendment to the federal or California Constitution, decision by any federal or California court, or enactment by any federal or California legislative body materially adversely affecting (i) the District or the right of the District to receive or to pledge any of the Net Revenues, or (ii) the validity or enforceability of this Contract of Purchase, the Bonds or the Resolution;

(7) the adoption of any amendment to the California Constitution, decision by any California court, or enactment by any California legislative body adversely affecting the exemption of state or local income tax upon such interest as would be received by the holders of the Bonds, or



(8) (i) a downgrading or suspension of any rating (without regard to credit enhancement) by Moody's, S&P, or Fitch of any debt securities issued by the District, or (ii) there shall have been any official statement as to a possible downgrading (such as being placed on "credit watch" or "negative outlook" or any similar qualification) of any rating by Moody's, S&P or Fitch of any debt securities issued by the District, including the Bonds.

(b) an event occurs, or information becomes known, which, in the judgment of the Underwriters, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

7. **Expenses.** (a) Except as set forth in paragraph (b) of this Section, the Underwriters shall be under no obligation to pay, and the District shall pay, or cause to be paid, all expenses incident to the performance of the District's obligations hereunder including, but not limited to, the cost of word processing and reproducing, executing and delivering the Bonds to the Underwriters; the cost of preparation, printing (and/or word processing and reproducing), distribution and delivery of the Resolution; the cost of printing and distributing copies of the Preliminary Official Statement and the Official Statement in sufficient quantities for distribution in connection with the sale of the Bonds (including resales in the secondary market); the fees and disbursements of Bond Counsel; the fees and disbursements of PFM Financial Advisors LLC, for its services as Municipal Advisor to the District; the fees and disbursements of any other engineers, accountants, and any other experts or consultants retained in connection with the issuance of the Bonds; the fees and disbursements of the Trustee; fees charged by the rating agencies for rating the Bonds; any advertising expenses; filing fees; CUSIP charges; or fees and expenses of any credit enhancement; expenses incurred by the Underwriters on behalf of the District relating to food, transportation or lodging for District staff members attending the bond pricing are to be reimbursed by the District through proceeds of the Bonds or available funds of the District (the District's obligations in regard to these expenses survive if delivery of the Bonds fails due to one of the conditions set forth in Section 3 hereof or this Contract of Purchase is terminated pursuant to Section 6 hereof) and any other expenses not specifically enumerated in paragraph (b) of this Section incurred in connection with the issuance of the Bonds.

(b) The District shall be under no obligation to pay, and the Underwriters shall pay (from the expense component of the underwriting discount), the cost of preparation of the Agreement Among Underwriters and the letter of instructions relating thereto and this Contract of Purchase; the cost of wiring funds for the payment of the purchase price of the Bonds; the fees and expenses of DTC incurred with respect to depositing the Bonds therewith; expenses to qualify the Bonds for sale under any "Blue Sky" laws; fees to the California Debt and Investment Advisory Commission; and all other expenses incurred by the Underwriters in connection with its public offering and distribution of the Bonds not specifically enumerated in paragraph (a) of this Section, including the fees and disbursements of Underwriters' Counsel. Notwithstanding that the fees to the California Debt and Investment Advisory Commission are solely the legal obligation of the Underwriters, the District agrees to reimburse the Underwriters for such fees.



8. **Notices.** Any notice or other communication to be given to the District under this Contract of Purchase may be given by delivering the same in writing to Sacramento Municipal Utility District, at 6201 S Street, Sacramento, California 95817-1899; and any notice or other communication to be given to the Underwriters under this Contract of Purchase may be given by delivering the same in writing to Barclays Capital Inc., LLC, 10250 Constellation Blvd, Suite 750, Los Angeles, California 90067, Attention: [\_\_\_\_], [\_\_\_\_\_].

9. **Parties in Interest.** This Contract of Purchase is made solely for the benefit of the District and the Underwriters (including successors or assigns of any Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof. The term “successors and assigns” as used in this Section shall not include any purchaser of the Bonds, as such purchaser, from any of the several Underwriters.

10. **Survival of Representations and Warranties.** The representations and warranties of the District, set forth in or made pursuant to this Contract of Purchase, shall not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the closing or termination of this Contract of Purchase and regardless of any investigations or statements as to the results thereof made by or on behalf of the Underwriters and regardless of delivery of and payment for the Bonds.

11. **Counterparts and Electronic Signature.** This Contract of Purchase may be executed in several counterparts, which together shall constitute one and the same instrument.

Each of the parties hereto agrees that the transaction consisting of this Contract of Purchase may be conducted by electronic means. Each party agrees, and acknowledges that it is such party’s intent, that if such party signs this Contract of Purchase using an electronic signature, it is signing, adopting, and accepting this Contract of Purchase and that signing this Contract of Purchase using an electronic signature is the legal equivalent of having placed its handwritten signature on this Contract of Purchase on paper. Each party acknowledges that it is being provided with an electronic or paper copy of this Contract of Purchase in a usable format.

12. **California Law Governs; Venue.** The validity, interpretation and performance of this Contract of Purchase shall be governed by the laws of the State of California. Any action or proceeding to enforce or interpret this Contract of Purchase shall be brought, commenced or prosecuted in the County of Sacramento, California.



13. **Entire Agreement.** This Contract of Purchase when accepted by you in writing as heretofore specified shall constitute the entire agreement between us.

14. **Effectiveness.** This Contract of Purchase shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by an authorized officer of the District and shall be valid and enforceable as of the time of such acceptance.

Very truly yours,

BARCLAYS CAPITAL INC., BOFA  
SECURITIES, INC., J.P. MORGAN SECURITIES  
LLC, PNC CAPITAL MARKETS LLC,  
GOLDMAN SACHS & CO. LLC, MORGAN  
STANLEY & CO. LLC and WELLS FARGO  
BANK, NATIONAL ASSOCIATION

BY: BARCLAYS CAPITAL INC., as Senior  
Underwriter

\_\_\_\_\_  
[ ]  
[ ]

Accepted: [PRICING DATE]

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By: \_\_\_\_\_  
Jennifer Restivo  
Treasurer

[Signature page to Series O Bonds Contract of Purchase]



Exhibit A

SACRAMENTO MUNICIPAL UTILITY DISTRICT

\$[\_\_\_\_\_]
Electric Revenue Bonds, 2025 Series O
[(Green Bonds)]

Maturity Principal Interest General Hold the
([\_\_\_\_\_] 15]) Amount Rate Rule Offering
Price Rule
Price Rule
Maturities Maturities

\$ \_\_\_\_\_ % Term Bonds due [\_\_\_\_\_] 15], 20 \_\_, Yield \_\_\_\_\_ % Price \_\_\_\_\_
General Rule Maturity

\$ \_\_\_\_\_ % Term Bonds due [\_\_\_\_\_] 15], 20 \_\_, Yield \_\_\_\_\_ % Price \_\_\_\_\_
General Rule Maturity

^ Priced to call date of \_\_\_\_\_, 20 \_\_.

Optional Redemption. On any date on or after [\_\_\_\_\_] 15], 20 \_\_, the Bonds are subject to redemption prior to their stated maturities at the option of the District, from any source of available funds, as a whole or in part, by lot, at the principal amount thereof, without premium, together with accrued interest to the date fixed for redemption.

Mandatory Redemption. The Bonds maturing on [\_\_\_\_\_] 15], 20 \_\_, are subject to mandatory redemption prior to maturity, in part, by lot, from sinking fund payments required for the Bonds by the Sixty-Eighth Supplemental Resolution at the principal amount thereof together with the accrued interest thereon to the date fixed for redemption, without premium, as shown below:



Sinking Fund Payment Dates ([_____] 15))	Principal Amount

---

† Maturity.

The Bonds maturing on [\_\_\_\_\_] 15], 2054, are subject to mandatory redemption prior to maturity, in part, by lot, from sinking fund payments required for the Bonds by the Sixty-Eighth Supplemental Resolution at the principal amount thereof together with the accrued interest thereon to the date fixed for redemption, without premium, as shown below:

Sinking Fund Payment Dates ([_____] 15))	Principal Amount

---

† Final Maturity.

***Selection of Bonds for Redemption.*** If less than all of a maturity of the Bonds is to be redeemed, the Trustee shall select the Bonds of such maturity to be redeemed, from the Outstanding Bonds of such maturity not previously called for redemption, by lot in any manner the Trustee deems fair. For so long as the book-entry only system is in effect with respect to the Bonds, DTC shall select the Bonds to be redeemed in accordance with the procedures of DTC.

***Notice of Redemption.*** Notice of redemption for the Bonds will be given by publication at least once in financial newspapers or journals, selected by the Trustee, of general circulation in San Francisco, California, Chicago, Illinois, and New York, New York, each such publication to be not less than 20 nor more than 60 days before the date fixed for redemption, if at any time the Bonds are not in book entry form. Notice also will be mailed to the registered owners of any Bonds designated for redemption, but failure to mail such notice or any defect therein with respect to any particular Bond will not affect the validity of the proceedings for the redemption of any other Bonds. For so long as the book-entry-only system is in effect with respect to the Bonds, the Trustee will mail notice of redemption solely to DTC or its nominee or its successor. Any failure of DTC or its successor, or of a direct or indirect DTC participant, to notify a beneficial owner of a Bond of any redemption will not affect the sufficiency or validity of the redemption of any Bond. The District may instruct the Trustee to give conditional notice of optional redemption, which may be conditioned upon the receipt of moneys or any other event.



**SACRAMENTO MUNICIPAL UTILITY DISTRICT**

**Exhibit B to the Contract of Purchase  
(Official Statement)**



**SACRAMENTO MUNICIPAL UTILITY DISTRICT**

**Exhibit C to the Contract of Purchase  
(Opinion of General Counsel to the  
Sacramento Municipal Utility District)**

[CLOSING DATE]

Barclays Capital Inc.  
10250 Constellation Blvd, Suite 750  
Los Angeles, California 90067

Re: Sacramento Municipal Utility District  
\$[ ] Electric Revenue Bonds, 2025 Series O [(Green Bonds)]

Ladies and Gentlemen:

This opinion is being delivered pursuant to Paragraph 3(d)(6) of the Contract of Purchase (the “Contract of Purchase”), dated [PRICING DATE], between Barclays Capital Inc., as Senior Managing Underwriter named therein (the “Senior Underwriter”), and the Sacramento Municipal Utility District (the “District”) relating to the above-captioned bonds (the “Bonds”).

As counsel to the District, I have reviewed (i) Resolution No. 6649 of the District, adopted on January 7, 1971, as amended and supplemented to date, including as amended and supplemented by Resolution No. 23-04-06, adopted on [May 15, 2025] (as so amended and supplemented, the “Resolution”); (ii) the Continuing Disclosure Agreement, dated the date hereof (the “Undertaking”), between the District and U.S. Bank Trust Company, National Association, as trustee (in such capacity, the “Trustee”); (iii) the Preliminary Official Statement of the District, dated [POS DATE] (the “Preliminary Official Statement”); (iv) the Official Statement of the District, dated [PRICING DATE] (the “Official Statement”) and (v) such other documents, opinions and matters to the extent I deemed necessary to provide the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. I have assumed the genuineness of all documents and signatures presented to me (whether as originals or as copies) and the due and legal execution and delivery by, and validity against, any parties other than the District. I have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. I have further assumed compliance with all covenants and agreements contained in such documents.

I call attention to the fact that the rights and obligations under the Resolution, the Undertaking, and the Contract of Purchase may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors’ rights, to the application of equitable principles, and to the exercise of judicial



discretion in appropriate cases and to the limitations on legal remedies against municipal utility districts in the State of California. I express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained therein.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, I am of the opinion that:

1. The District is a political subdivision of the State of California duly organized and validly existing under the Act, as amended, and has full legal right, power and authority to execute and deliver (or adopt, as the case may be), and to perform its obligations under, the Resolution, the Undertaking and the Contract of Purchase.

2. The Contract of Purchase and the Undertaking have been duly authorized, executed and delivered by the District, and, assuming due authorization, execution and delivery by each of the parties thereto other than the District, constitute the legal, valid and binding obligations of the District, enforceable against the District in accordance with their respective terms.

3. The District is not in breach of or default under any existing constitutional provision, applicable law or administrative regulation of the State of California or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument known to me after reasonable inquiry to which the District is a party or to which the District or any of its property or assets is otherwise subject which would have a material adverse effect on the financial condition or operations of the District, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument which would have a material adverse effect on the financial condition or operations of the District; and the execution and delivery of the Bonds, the Undertaking and the Contract of Purchase and the adoption of the Resolution, and compliance with any existing constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument known to me after reasonable inquiry to which the District is a party or to which the District or any of its property or assets is otherwise subject will not, as of the date hereof, conflict with or constitute a breach of or default under any such instrument which would have a material adverse effect on the financial condition or operations of the District, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the District or under the terms of any such law, regulation or instrument, except as expressly provided by the Bonds and the Resolution.

4. The statements contained in the Preliminary Official Statement and the Official Statement which purport to describe certain provisions of the Bonds, the Undertaking, and the Resolution present a fair and accurate summary of such provisions for the purpose of use in the Preliminary Official Statement and the Official Statement.

5. Except as described or referred to in the Preliminary Official Statement and the Official Statement, as of the date hereof, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body,



pending or, to the best of my knowledge, threatened against the District affecting the corporate existence of the District or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the collection of the Revenues (as defined in the Resolution) or the Net Revenues (as defined in the Resolution) pledged or to be pledged to pay the principal of and interest on the Bonds or contesting or affecting as to the District the validity or enforceability of the Act, the Bonds, the Resolution, the Contract of Purchase or the Undertaking, or contesting the tax exempt status of interest on the Bonds, or which may result in any material adverse change relating to the District, other than routine litigation of the type which normally accompanies its operation of its generation, transmission and distribution facilities, or contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or contesting the powers of the District or any authority for the issuance of the Bonds, the adoption of the Resolution, or the execution and delivery by the District of the Contract of Purchase, or the Undertaking, nor, to the best of my knowledge, is there any basis for any such action, suit, proceeding, inquiry or investigation wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Act or the authorization, execution, delivery or performance by the District of the Bonds, the Resolution, the Undertaking, or the Contract of Purchase.

6. Based upon my review of the Preliminary Official Statement and the Official Statement as General Counsel to the District and without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Preliminary Official Statement and the Official Statement (except as specifically set forth in paragraph 4 hereof), I have no reason to believe that the statements contained in the Preliminary Official Statement (except for information relating Cede & Co., DTC or the operation of the book-entry system, the Appendices (except Appendix A) to the Preliminary Official Statement, and other financial and statistical data included therein, as to all of which I express no view) as of its date and as of the date of the Contract of Purchase contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading and the Official Statement (except for information relating Cede & Co., DTC or the operation of the book-entry system, the Appendices (except Appendix A) to the Official Statement, and other financial and statistical data included therein, as to all of which I express no view) (A) as of the date of the Official Statement contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading or (B) as of the date hereof contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

For purposes of the opinions expressed herein, I have assumed that an agreement or other document is “material” to the District if it involves amounts in excess of \$10,000,000 and that a matter would result in a “material adverse change” to the District if the financial consequences involved would exceed \$10,000,000.

I understand that you are relying upon the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, with respect to the validity of the Bonds and the exclusion of interest on the Bonds from gross income for federal income tax purposes and the Bonds for purposes of State of California income taxation and, accordingly, render no opinion with respect thereto.



Very truly yours,



## **SACRAMENTO MUNICIPAL UTILITY DISTRICT**

### **Exhibit D to the Contract of Purchase**

#### **CERTIFICATE**

The Sacramento Municipal Utility District (“SMUD”), hereby certifies that:

(1) The representations and warranties of SMUD (excluding those representations and warranties contained in Section 2(e) and Section 2(k) of the hereinafter defined Contract of Purchase) contained in the Contract of Purchase, dated [PRICING DATE], between SMUD and the Underwriters named therein (the “Contract of Purchase”) with respect to the sale by SMUD of \$[ ] aggregate principal amount of its Electric Revenue Bonds, 2025 Series O [(Green Bonds)] (the “Bonds”), are true and correct on and as of the Closing Date as if made on the Closing Date.

(2) All approvals, consents, authorizations, licenses and permits, elections and orders of or filings or registrations with any governmental authority, legislative body, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect, the due performance by SMUD of its obligations in connection with the issuance of the Bonds under the Resolution, the Undertaking, and the Contract of Purchase have been duly obtained or made and are in full force and effect, except for such approvals, consents and orders as may be required under the “Blue Sky” or other securities laws of any state in connection with the offering and sale of the Bonds; and, except as disclosed in the Preliminary Official Statement and the Official Statement, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, board, agency or commission having jurisdiction in the matters which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by SMUD of its respective obligations under, the Contract of Purchase, the Undertaking, the Bonds or the Resolution, or which are necessary to permit SMUD to carry out the transactions contemplated by the Preliminary Official Statement and the Official Statement to acquire, construct, operate, maintain, improve and finance the Electric System have been duly obtained or, where required for future performance, are expected to be obtained.

(3) Except as disclosed in the Preliminary Official Statement and the Official Statement, no litigation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, regulatory agency, public board or body, is pending or, to the best of knowledge of the officer of SMUD executing this Contract of Purchase after due investigation, threatened against SMUD, in any way affecting the corporate existence of SMUD or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of any of the Bonds or the collection of the Revenues (as defined in the Resolution) or the Net Revenues (as defined in the Resolution) pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting as to SMUD the validity or enforceability of the Act, the Bonds, the Resolution, the Contract of



Purchase, the Undertaking, or any action of SMUD contemplated by any of said documents, or contesting the tax exempt status of interest on the Bonds, or which may result in any material adverse change relating to SMUD, other than routine litigation of the type which normally accompanies its operation of its generation, transmission and distribution system, or contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or contesting the powers of SMUD or any authority for the issuance of the Bonds, the adoption of the Resolution, or the execution and delivery by SMUD of the Contract of Purchase or the Undertaking, nor, to the best of my knowledge, is there any basis for any such action, suit, proceeding, inquiry or investigation wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Act of the authorization, execution, delivery or performance by SMUD of the Bonds, the Resolution, the Undertaking, or the Contract of Purchase, or any action of SMUD contemplated by any of said documents, or which would adversely affect the exclusion from gross income for federal income tax purposes of interest paid on the Bonds, nor to the knowledge of the officer of SMUD executing this Contract of Purchase is there any basis therefor.

(4) No event affecting SMUD has occurred (with respect to the Preliminary Official Statement, from its date to the date of the Contract of Purchase, and with respect to the Official Statement, since the date of the Official Statement) which should have been or should be disclosed in the Preliminary Official Statement or the Official Statement so that the Preliminary Official Statement or the Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and which has not been disclosed in a supplement or amendment to the Preliminary Official Statement or the Official Statement.

(5) SMUD has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the date hereof pursuant to the Contract of Purchase with respect to the issuance of the Bonds.

(6) All capitalized terms employed herein which are not otherwise defined shall have the same meanings as in the Contract of Purchase.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By: \_\_\_\_\_  
Name:  
Title:

Dated: [CLOSING DATE]



**Exhibit E to the Contract of Purchase  
(Supplemental Opinion of Bond Counsel)**

[CLOSING DATE]

Barclays Capital Inc.  
10250 Constellation Blvd, Suite 750  
Los Angeles, California 90067

Sacramento Municipal Utility District  
Electric Revenue Bonds, 2025 Series O  
[(Green Bonds)]  
(Supplemental Opinion)

Ladies and Gentlemen:

This letter is addressed to you, as Senior Underwriter, pursuant to Section 3(d)(5) of the Contract of Purchase, dated [PRICING DATE] (the “Purchase Contract”), between you and the other underwriters named therein and the Sacramento Municipal Utility District (the “District”), providing for the purchase of \$[ ] aggregate principal amount of Sacramento Municipal Utility District Electric Revenue Bonds, 2025 Series O [(Green Bonds)] (the “2025 Series O Bonds”). The 2025 Series O Bonds are being issued pursuant to Resolution No. 6649 of the Board of Directors of the District, adopted January 7, 1971, as supplemented and amended by later resolutions of said Board of Directors (as so supplemented and amended, the “Resolution”), including Resolution No. 23-04-06, adopted on [May 15, 2025]. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolution or, if not defined in the Resolution, in the Purchase Contract.

In connection with our role as bond counsel to the District, we have reviewed the Purchase Contract; the Resolution; the Tax Certificate, dated the date hereof (the “Tax Certificate”), executed by the District; certain portions of the posted preliminary official statement of the District, dated [POS DATE] with respect to the 2025 Series O Bonds (the “Preliminary Official Statement”) and of the posted official statement of the District, dated [PRICING DATE], with respect to the 2025 Series O Bonds (the “Official Statement”); opinions of counsel to the District and the Trustee; certificates of the District, the Trustee and others; and such other documents, opinions and matters to the extent we deemed necessary to render the opinions and conclusions set forth herein.



The opinions and conclusions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions or conclusions may be affected by actions taken or omitted or events occurring after the original delivery of the 2025 Series O Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the original delivery of the 2025 Series O Bonds on the date hereof. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery thereof by, and validity against, any parties other than the District. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. We have further assumed compliance with all covenants and agreements contained in such documents. In addition, we call attention to the fact that the rights and obligations under the 2025 Series O Bonds, the Resolution, the Tax Certificate and the Purchase Contract and their enforceability may be subject to bankruptcy, insolvency, reorganization, receivership, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities such as the District in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute or to have the effect of a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinions with respect to the state or quality of title to or interest in any assets described in or as subject to the lien of the Resolution or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Finally, we undertake no responsibility for the accuracy, except as expressly set forth in numbered paragraph 3 below, completeness or fairness of the Official Statement or other offering material relating to the 2025 Series O Bonds and express no opinion or view with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions and conclusions:

1. The 2025 Series O Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Resolution is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

2. The Purchase Contract has been duly executed and delivered by, and constitutes a valid and binding obligation of, the District.

3. The statements contained in the Official Statement under the captions "THE 2025 SERIES O BONDS" (excluding information relating to book-entry or The Depository Trust Company), "SECURITY FOR THE BONDS" and "TAX MATTERS" and in APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION" excluding any material that may be treated as included under such captions by cross-reference or reference to other documents or sources, insofar as such statements expressly summarize certain provisions of the Resolution or set out the content of our final legal opinion as bond counsel to the



District concerning the validity of the 2025 Series O Bonds and certain other matters, dated the date hereof and addressed to the District, are accurate in all material respects.

4. We are not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of any of the statements contained in the Preliminary Official Statement or (except as explicitly stated in paragraph 3 above) in the Official Statement and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. In our capacity as bond counsel to the District in connection with issuance of the 2025 Series O Bonds, we participated in conferences with your representatives, your counsel, representatives of the District, its counsel, accountants, and others, during which the contents of the Preliminary Official Statement or the Official Statement and related matters were discussed. Based on our participation in the above-mentioned conferences (which, with respect to the Preliminary Official Statement, did not extend beyond the date of the Purchase Contract), and in reliance thereon, on oral and written statements and representations of the District and others and on the records, documents, certificates, opinions and matters herein mentioned, subject to the limitations on our role as bond counsel to the District, we advise you as a matter of fact and not opinion that (a) no facts had come to the attention of the attorneys in our firm rendering legal services with respect to the Preliminary Official Statement which caused us to believe as of the date of the Purchase Contract, based on the documents, drafts and facts in existence and reviewed as of that date, that the Preliminary Official Statement contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (except any information marked as preliminary or subject to change, any information permitted to be omitted by Securities and Exchange Commission Rule 15c2-12 or otherwise left blank and any other differences with the information in the Official Statement), and (b) no facts had come to the attention of the attorneys in our firm rendering legal services with respect to the Official Statement which caused us to believe as of the date of the Official Statement and as of the date hereof that the Official Statement contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, we expressly exclude from the scope of this paragraph and express no view, with respect to both the Preliminary Official Statement and the Official Statement, about any CUSIP numbers, financial, accounting, statistical or economic, engineering or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, any statements about compliance with prior continuing disclosure undertakings, any management discussion and analysis, any information about Cede & Co., The Depository Trust Company or book-entry, ratings, rating agencies, municipal advisors, underwriters, underwriting, the designation of the 2025 Series O Bonds as Green Bonds – Climate Bond Certified, and the information contained in Appendices B, C and G included or referred to therein or omitted therefrom. No responsibility is undertaken or conclusion expressed with respect to any other disclosure document, materials or activity, or as to any information from another document or source referred to by or incorporated by reference in the Preliminary Official Statement or the Official Statement.

This letter is furnished by us as bond counsel to the District. No attorney-client relationship has existed or exists between our firm and you in connection with the 2025 Series O Bonds or by virtue of this letter. We disclaim any obligation to update this letter. This letter is delivered to



you as Senior Underwriter of the 2025 Series O Bonds, is solely for your benefit as such Senior Underwriter in connection with the original delivery of the 2025 Series O Bonds on the date hereof, and is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to, and may not, be relied upon by owners of 2025 Series O Bonds or by any other party to whom it is not specifically addressed.

Very truly yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP



**Exhibit F to the Contract of Purchase**

**(Form of Issue Price Certificate Of The Senior Underwriter Regarding Offering Prices)**

**SACRAMENTO MUNICIPAL UTILITY DISTRICT**

**\$[\_\_\_\_\_] ]**  
**Electric Revenue Bonds, 2025 Series O**  
**[(Green Bonds)]**

The undersigned, on behalf of Barclays Capital Inc., as representative (the “Representative”) of itself, BofA Securities, Inc., J.P. Morgan Securities LLC, PNC Capital Markets LLC, Goldman Sachs & Co. LLC, Morgan Stanley & Co. LLC and Wells Fargo Bank, National Association (together, the “Underwriting Group”), hereby certifies, on its own behalf and on behalf of the other members of the Underwriting Group on the basis of representations and warranties set forth in the agreement among underwriters, as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. ***Sale of the [General Rule Maturities][Bonds].*** As of the date of this Certificate, for each Maturity of the [General Rule Maturities][Bonds], the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***[Initial Offering Price of the Hold-the-Offering-Price-Maturities.***

(a) The Underwriting Group offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this Certificate as Schedule B.

(b) As set forth in the Bond Purchase Agreement for the Bonds, the Representative has agreed in writing that for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the unsold Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”). Pursuant to such agreement, the Representative has not offered or sold any unsold Bonds of any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.]2

3. ***Defined Terms.***

(a) [General Rule Maturities means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”]

(b) [Hold-the-Offering-Price Maturities means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”]

(c) [Holding Period means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day



after the Sale Date, or (ii) the date on which the Underwriters have sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.]

(d) *Issuer* means Sacramento Municipal Utility District.

(e) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party (as such terms are defined below) to an Underwriter.

(g) A purchaser of any of the Bonds is a *Related Party* to any Underwriter if the Underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(h) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is [PRICING DATE].

(i) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only, and as it relates to the actions of the other Underwriters, such representations are made to the best of the Representative's knowledge based on the Representative's records. Nothing in this certificate represents the Representative's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Issuer, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.



Dated: [CLOSING DATE]

BARCLAYS CAPITAL INC.,  
as representative of the Underwriting Group

By: \_\_\_\_\_  
Name: \_\_\_\_\_



**Schedule A**

**Sale Prices**

\$[\_\_\_\_\_]

**Electric Revenue Bonds, 2025 Series O  
[(Green Bonds)]**

<b><u>Maturity</u></b> <b><u>([_____ 15])</u></b>	<b><u>Principal</u></b> <b><u>Amount</u></b>	<b><u>Interest</u></b> <b><u>Rate</u></b>	<b><u>Yield</u></b>	<b><u>Price</u></b>	<b><u>General</u></b> <b><u>Rule</u></b> <b><u>Maturities</u></b>	<b><u>Hold the</u></b> <b><u>Offering</u></b> <b><u>Price Rule</u></b> <b><u>Maturities</u></b>
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\$ \_\_\_\_\_ % Term Bonds due [ \_\_\_\_\_ 15], 20 \_\_, Yield \_\_\_\_\_ % Price \_\_\_\_\_  
General Rule Maturity

\$ \_\_\_\_\_ % Term Bonds due [ \_\_\_\_\_ 15], 20 \_\_, Yield \_\_\_\_\_ % Price \_\_\_\_\_  
General Rule Maturity

<sup>c</sup> Priced to call date of \_\_\_\_\_, 20 \_\_.



**Schedule B**

**Pricing Wire or Equivalent Communication**

\_\_\_\_ Not applicable, because there are no Hold-the-Offering-Price Maturities

\_\_\_\_ Attached



**SACRAMENTO MUNICIPAL UTILITY DISTRICT**

**\$[\_\_\_\_\_]**

**Subordinated Electric Revenue Bonds, 2025 Series E**

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**CONTRACT OF PURCHASE**

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[PRICING DATE]

Honorable Board of Directors  
Sacramento Municipal Utility District  
6201 S Street  
Sacramento, California 95817-1899

Dear Directors:

The undersigned Barclays Capital Inc. and BofA Securities, Inc. (herein collectively referred to as the “Underwriters”), acting for and on behalf of themselves, offer to enter into this Contract of Purchase (the “Contract of Purchase”) with the Sacramento Municipal Utility District (the “District”) which, upon the District’s acceptance, will be binding upon the District and upon the Underwriters. Barclays Capital Inc. has been duly authorized to execute this Contract of Purchase and to act hereunder by and based on representations made to it under an Agreement Among Underwriters dated [\_\_\_\_\_, 2025] on behalf of the Underwriters as the Senior Managing Underwriter (the “Senior Underwriter”). This offer is made subject to the District’s acceptance on or before 5:00 p.m., Sacramento time, on the date hereof, and if not so accepted, will be subject to withdrawal by the Underwriters upon notice delivered to the District at any time prior to the acceptance hereof by the District.

**1. Purchase, Sale and Delivery of the Bonds.** Subject to the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriters, jointly and severally, hereby agree to purchase from the District, and the District hereby agrees to sell to the Underwriters, all (but not less than all) of the \$[\_\_\_\_\_] aggregate principal amount of the Sacramento Municipal Utility District Subordinated Electric Revenue Bonds, 2025 Series E (the “Bonds”) dated [CLOSING DATE], bearing interest as set forth in the Official Statement (as hereinafter defined) of the District relating to the Bonds in each year until maturity or earlier redemption at the variable rates per annum determined in the manner set forth in the Official Statement. The purchase price for the Bonds shall be \$[\_\_\_\_\_] (consisting of the principal amount of the Bonds of \$[\_\_\_\_\_] plus original issue premium of \$[\_\_\_\_\_] and minus an Underwriters’ discount of \$[\_\_\_\_\_]).



(b) The Bonds shall be substantially in the form described in, shall be issued and secured under the provisions of, and shall be payable as provided in, Resolution No. 85-11-1, adopted by the Board of Directors of the District on November 7, 1985, as amended and restated pursuant to Resolution No. 01-06-10, adopted by the Board of Directors of the District on June 21, 2001 (the “Subordinate Master Resolution”), as heretofore amended and supplemented, including the amendment and supplement thereto made by Resolution No. [25-05-\_\_\_], adopted by the Board of Directors on [May 15, 2025] (the “Eighteenth Supplemental Resolution”). The Subordinate Master Resolution, as supplemented and amended as described in this Contract of Purchase, is herein called the “Subordinate Resolution.” The Bonds are authorized to be issued pursuant to applicable California law, including the Municipal Utility District Act (Sections 12850 to 12860 of the Public Utilities Code), the Revenue Bond Law of 1941 (Government Code Section 54300 *et seq.*), Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (Section 53580 *et seq.*) and the Subordinate Resolution. The Bonds will be special obligations of the District payable exclusively from, and are secured by a pledge (effected in the manner and to the extent provided in the Subordinate Resolution) of, the Net Subordinated Revenues (as defined in the Subordinate Resolution). The Bonds shall be payable and shall be subject to redemption as provided in the Subordinate Resolution.

(c) The Bonds are being issued to (i) finance and refinance certain improvements and additions to SMUD’s Electric System, [including by paying [a portion of] the outstanding principal amount of SMUD’s commercial paper notes at maturity], (ii) refund SMUD’s Subordinated Electric Revenue Bonds, 2019 Series B, and (iii) pay certain costs associated with the issuance of the 2025E Subordinated Bonds.

(d) The District has heretofore delivered to the Underwriters copies of the Preliminary Official Statement dated [POS DATE], relating to the Bonds (the “Preliminary Official Statement”) in connection with the public offering of the Bonds. The Preliminary Official Statement was deemed final by the District as of the date thereof in accordance with paragraph (b)(1) of Rule 15c2-12 of the Securities and Exchange Commission (“Rule 15c2-12”), except for the information not required to be included therein under Rule 15c2-12.

(e) The District shall prepare and deliver to the Underwriters, as promptly as practicable, but in any event not later than two business days prior to the Closing Date (as defined below) or seven business days from the date hereof, a final official statement, with such changes and amendments as may be agreed to by the Underwriters, in such quantities as the Underwriters may reasonably request in order to comply with paragraph (b)(4) of Rule 15c2-12 and the rules of the Municipal Securities Rulemaking Board (“MSRB”) (such official statement, including the cover page and Appendices thereto, as the same may be supplemented or amended pursuant to paragraph (i) of Section 2 hereof, is herein referred to as the “Official Statement”). In addition, the District will provide, subject to customary disclaimers regarding the transmission of electronic copies, an electronic copy of the final Official Statement to the Underwriters in the currently required designated electronic format stated in MSRB Rule G-32 and the EMMA Dataport Manual (as defined below). The parties agree that the format in which the Preliminary Official Statement was delivered meets such electronic format requirements.

(f) Within one (1) business day after receipt of the Official Statement from the District, but by no later than the Closing Date, the Underwriters shall, at their own expense submit



the Official Statement to EMMA (as defined below). The Underwriters will comply with the provisions of MSRB Rule G-32, including without limitation the submission of Form G-32 and the Official Statement and notify the District of the date on which the Official Statement has been filed with EMMA.

“EMMA” means the MSRB’s Electronic Municipal Market Access system, or any other electronic municipal securities information access system designated by the MSRB for collecting and disseminating primary offering documents and information.

“EMMA Dataport Manual” means the document(s) designated as such published by the MSRB from time to time setting forth the processes and procedures with respect to submissions to be made to the primary market disclosure service of EMMA by underwriters under Rule G-32(b).

(g) The District hereby ratifies, confirms and approves the use and distribution by the Underwriters prior to the date hereof of the Preliminary Official Statement and hereby authorizes the Underwriters to use and distribute the Official Statement, the Subordinate Resolution and this Contract of Purchase, and all information contained in each, and all other documents, certificates and statements furnished by the District to the Underwriters in connection with the transactions contemplated by this Contract of Purchase, in connection with the offer and sale of the Bonds.

The District will covenant pursuant to a Continuing Disclosure Agreement dated as of the date of the issuance of the Bonds (the “Undertaking”), between the District and U.S. Bank Trust Company, National Association (the “Trustee”), to provide annual reports and certain notices as described in Appendix G of the Official Statement.

(h) The District agrees and acknowledges that: (i) the Underwriters are not acting as municipal advisors within the meaning of Section 15B of the Securities Exchange Act, as amended, (ii) the primary role of the Underwriters, as underwriters, is to purchase securities, for resale to investors, in an arm’s length commercial transaction between the District and the Underwriters and the Underwriters have financial and other interests that differ from those of the District; (iii) the Underwriters are acting solely as principals and are not acting as municipal advisors, financial advisors or fiduciaries to the District and have not assumed any advisory or fiduciary responsibility to the District with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters have provided other services or are currently providing other services to the District on other matters); (iv) the only contractual obligations the Underwriters, as underwriters, have to the District with respect to the transaction contemplated hereby expressly are set forth in this Contract of Purchase; and (v) the District has consulted its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it has deemed appropriate.

(i) At 8:00 A.M., Sacramento time, on [CLOSING DATE] or at such earlier or later time or date as shall be agreed upon by the Underwriters and the District (such time and date being herein referred to as the “Closing Date”), the District will deliver the Bonds to The Depository Trust Company, New York, New York (“DTC”), for the account of the Underwriters, duly executed by the District, and the other documents herein mentioned; and the Underwriters will (i) accept such delivery and pay the purchase price of the Bonds as set forth in paragraph (a)



of this Section by wire transfer in San Francisco, California to the order of the District. Delivery of the documents herein mentioned shall be made at the offices of Orrick, Herrington & Sutcliffe LLP, 400 Capitol Mall, Suite 3000, Sacramento, California 95814, or such other place as shall have been mutually agreed upon by the District and the Underwriters, except that the Bonds shall be delivered at the offices of DTC in New York, New York or at such other place and in such manner as shall have been mutually agreed upon by the District and the Underwriters.

The Bonds shall be issued initially in fully registered book-entry eligible form (which may be typewritten) in the form of a single registered bond for each maturity of the Bonds, shall bear CUSIP numbers and shall be registered in the name of Cede & Co., as nominee of DTC.

**2. Representations, Warranties and Agreements of the District.** The District hereby represents, warrants to and agrees with the Underwriters that:

(a) The District is a political subdivision of the State of California duly organized and validly existing pursuant to the Municipal Utility District Act as contained in Public Utilities Code Section 11501 *et seq.* (the “Act”) and has, and at the Closing Date will have, full legal right, power and authority (i) to enter into this Contract of Purchase and the Undertaking, (ii) to adopt the Subordinate Resolution, (iii) to pledge the Net Subordinated Revenues as set forth in the Subordinate Resolution, (iv) to issue, sell and deliver the Bonds to the Underwriters pursuant to the Subordinate Resolution as provided herein, (v) to acquire, construct, operate, maintain, improve and finance and refinance its Electric System (as defined in the Subordinate Resolution) and conduct the business thereof as set forth in and contemplated by the Preliminary Official Statement and the Official Statement, and (vi) to carry out, give effect to and consummate the transactions contemplated by this Contract of Purchase, the Undertaking, the Subordinate Resolution and the Preliminary Official Statement and the Official Statement;

(b) The District has complied, and will at the Closing Date be in compliance, in all material respects, with the Act, the Subordinate Resolution, and with the obligations in connection with the issuance of the Bonds on its part contained in the Subordinate Resolution, the Bonds, the Act, the Undertaking and this Contract of Purchase;

(c) The District has duly and validly adopted the Subordinate Resolution, has duly authorized and approved the execution and delivery of the Bonds, this Contract of Purchase, the Undertaking and the Official Statement and has duly authorized and approved the performance by the District of its obligations contained in, and the taking of any and all action as may be necessary to carry out, give effect to and consummate the transactions contemplated by, each of said documents and, at the Closing Date, the Bonds will have been validly issued and delivered, the Subordinate Resolution, the Undertaking and this Contract of Purchase will constitute the valid, legal and binding obligations of the District enforceable in accordance with their respective terms (subject to the effect of, and restrictions and limitations imposed by or resulting from, (i) bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws affecting creditors’ rights, and (ii) judicial discretion) and the Subordinate Resolution will be in full force and effect;

(d) The District is not in breach of or in default under any existing constitutional provision, applicable law or administrative rule or regulation of the State of California, the United



States of America, or of any department, division, agency or instrumentality of either or any applicable court or administrative decree or order, or any loan agreement, bond, note, ordinance, resolution, indenture, contract, agreement or other instrument to which the District is a party or to which the District is otherwise subject or bound which in any material way, directly or indirectly, affects the issuance of the Bonds or the validity thereof, the validity or adoption of the Subordinate Resolution or the execution and delivery of the Bonds, this Contract of Purchase, the Undertaking or the other instruments contemplated by any of such documents to which the District is a party, and the adoption of the Subordinate Resolution and compliance with the provisions of each will not, as of the date hereof and as of the Closing Date, conflict with or constitute a breach of or default in any material way under any existing constitutional provision, applicable law or administrative rule or regulation of the State of California, the United States, or of any department, division, agency or instrumentality of either or any applicable court or administrative judgment, decree or order, or any loan agreement, bond, note, ordinance, resolution, indenture, contract, agreement or other instrument to which the District is a party or to which the District or any of the property or assets of the Electric System (as defined in the Subordinate Resolution) are otherwise subject or bound, and no event which would have a material and adverse effect upon the financial condition of the District has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the District under any of the foregoing;

(e) All approvals, consents, authorizations, licenses and permits, elections and orders of or filings or registrations with any governmental authority, legislative body, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect, the due performance by the District of its obligations in connection with the issuance of the Bonds under the Subordinate Resolution, the Undertaking and this Contract of Purchase have been duly obtained or made and are in full force and effect, except for such approvals, consents and orders as may be required under the “Blue Sky” or other securities laws of any state in connection with the offering and sale of the Bonds; and, except as disclosed in the Preliminary Official Statement and the Official Statement, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, board, agency or commission having jurisdiction in the matters which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the District of its respective obligations under, this Contract of Purchase, the Undertaking, the Bonds or the Subordinate Resolution, or which are necessary to permit the District to carry out the transactions contemplated by the Preliminary Official Statement and the Official Statement to acquire, construct, operate, maintain, improve and finance the Electric System have been duly obtained or, where required for future performance, are expected to be obtained;

(f) The Bonds, when issued and delivered in accordance with the Subordinate Resolution and this Contract of Purchase and paid for by the Underwriters on the Closing Date as provided herein, will be validly issued and outstanding special obligations of the District enforceable against the District in accordance with their terms and entitled to all the benefits and security of the Subordinate Resolution; and, upon the issuance and delivery of the Bonds, the Subordinate Resolution will provide, for the benefit of the holders from time to time of the Bonds, a legally valid and binding pledge of and lien on Net Subordinated Revenues pledged under the Subordinate Resolution, as provided in and contemplated by the Subordinate Resolution;



(g) The Preliminary Official Statement, as of its date and as of the date hereof, did not and does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(h) At the time of the District's acceptance hereof and (unless the Official Statement is amended or supplemented pursuant to paragraph (i) of Section 2 hereof) at all times subsequent to the date of delivery thereof up to and including the Closing Date, the Official Statement will be true, correct, complete and final in all material respects and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(i) If, after the date of this Contract of Purchase and until 25 days after the end of the "underwriting period" (as defined in Rule 15c2-12), any event shall occur that might cause the Official Statement to contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the District hereby covenants and agrees, to the extent it has knowledge of such event, to notify the Underwriters (and for the purposes of this clause to provide the Underwriters with such information as they may from time to time reasonably request), and, if in the opinion of the Underwriters and their counsel such event requires the preparation and publication of a supplement or amendment to the Official Statement, at its expense to supplement or amend the Official Statement in a form and manner approved by the Underwriters and furnish to the Underwriters a reasonable number of copies of such supplement or amendment. For purposes of this Contract of Purchase, the District may assume that the end of the "underwriting period" has occurred on the Closing Date unless the District is otherwise notified by the Underwriters on or prior to the Closing Date. If the Underwriters notify the District that the Closing Date is not the end of the "underwriting period", then the Underwriters shall further notify the District of the date that is the end of the "underwriting period" (as defined in Rule 15c2-12);

(j) If the Official Statement is supplemented or amended pursuant to paragraph (i) of Section 2 of this Contract of Purchase, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the "underwriting period", the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which made, not misleading.

(k) Except as disclosed in the Preliminary Official Statement and the Official Statement, no litigation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, regulatory agency, public board or body, is pending or, to the knowledge of the officer of the District executing this Contract of Purchase after due investigation, threatened (i) in any way affecting the corporate existence of the District or the titles of its officers to their respective offices, (ii) affecting or seeking to prohibit, restrain or enjoin the issuance, sale or delivery of any of the Bonds, the application of the proceeds thereof in accordance with the Subordinate Resolution, or the collection or application of Revenues (as defined in the Subordinate Resolution) or the collection or application of the Net Subordinated Revenues pledged to pay the principal of and interest on the Bonds under the Subordinate Resolution or in



any way contesting or affecting the validity or enforceability of any of the Bonds, the Subordinate Resolution, the Undertaking, this Contract of Purchase or any action of the District contemplated by any of said documents, (iii) which may result in any material adverse change relating to the District, other than routine litigation of the type which normally accompanies its operation of its generation, transmission and distribution facilities, (iv) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or the powers of the District or its authority with respect to the Bonds, the adoption of the Subordinate Resolution, or the execution and delivery of the Undertaking, or this Contract of Purchase, or any action of the District contemplated by any of said documents, and (v) which would adversely affect the exclusion from gross income for federal income tax purposes of interest paid on the Bonds, nor to the knowledge of the officer of the District executing this Contract of Purchase is there any basis therefor;

(l) The District will furnish such information, execute such instruments and take such other action in cooperation with the Underwriters as the Underwriters may reasonably request (i) to qualify the Bonds for offer and sale under the “Blue Sky” or other securities laws and regulations of such states and other jurisdictions of the United States as the Senior Underwriter may designate, and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions and will use its best efforts to continue such qualifications in effect so long as required for the distribution of the Bonds; provided that in connection therewith the District shall not be required to execute or file a general or special consent to service of process or qualify to do business in any jurisdiction and will advise the Senior Underwriter promptly of receipt by the District of any written notification with respect to the suspension of the qualification of the Bonds for sale in any jurisdiction or written notification of the initiation or threat of any proceeding for that purpose;

(m) The audited financial statements of the District for the years ending December 31, 2022 and December 31, 2021 heretofore delivered to the Underwriters and incorporated by reference in the Preliminary Official Statement and the Official Statement as Appendix B fairly present the financial position of the District as of the dates indicated and such financial statements have been prepared in conformity with generally accepted accounting principles applied on a consistent basis;

(n) Between the date hereof and the Closing Date, the District will not, without the prior written consent of the Senior Underwriter, offer or issue any bonds, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent, nor will there be any adverse change of a material nature in the financial position, results of operations or condition, financial or otherwise, of the District, in either case other than in the ordinary course of its business or as disclosed in the Preliminary Official Statement or the Official Statement or as otherwise disclosed to the Senior Underwriter;

(o) The Bonds, the Subordinate Resolution, and the Undertaking conform to the descriptions thereof contained in the Preliminary Official Statement and the Official Statement;

(p) The District has the legal authority to apply and will apply, or cause to be applied, the proceeds from the sale of the Bonds as provided in and subject to all of the terms and provisions of the Subordinate Resolution and as described in the Preliminary Official Statement and the Official Statement, including for payment of District expenses incurred in connection with



the negotiation, marketing, issuance and delivery of the Bonds to the extent required by Section 7 (Expenses), and will not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds;

(q) Any certificate signed by any official of the District, and delivered to the Underwriters, shall be deemed a representation and warranty by the District to the Underwriters as to the statements made therein; and

(r) Except as disclosed in the Preliminary Official Statement and the Official Statement, during the last five years the District has complied in all material respects with all previous undertakings required by Rule 15c2-12.

**3. Conditions to the Obligations of the Underwriters.** The obligations of the Underwriters to accept delivery of and pay for the Bonds on the Closing Date shall be subject to the performance by the District of its obligations to be performed hereunder at or prior to the Closing Date and to the fulfillment of the following conditions:

(a) The representations, warranties and covenants of the District contained herein shall be true, complete and correct on the date hereof and as of the Closing Date as if made on the Closing Date;

(b) At the Closing Date, the Subordinate Resolution shall have been duly adopted and shall be in full force and effect, and shall not have been repealed, amended, modified or supplemented, except as may have been agreed to in writing by the Underwriters, and there shall have been taken in connection therewith, with the issuance of the Bonds and with the transactions contemplated thereby and by this Contract of Purchase, all such actions as, in the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel ("Bond Counsel"), shall be necessary and appropriate;

(c) At the Closing Date, the Official Statement shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriters;

(d) At or prior to the Closing Date, the Underwriters shall have received copies of the following documents, in each case satisfactory in form and substance to the Underwriters:

(1) The Official Statement executed on behalf of the District by its Chief Executive Officer and General Manager, any Member of its Executive Committee, its Treasurer, its Secretary or its Chief Financial Officer (each an "Authorized Representative");

(2) The Undertaking executed on behalf of the District by an Authorized Representative;

(3) The Eighteenth Supplemental Resolution, with only such supplements or amendments thereto as may have been agreed to by the Underwriters and certified by an authorized officer of the District under its seal as having been duly adopted by the District and as being in full force and effect, and the Subordinate Resolution, certified by an authorized officer of the District as being in full force and effect, with such supplements



and amendments thereto adopted after the date hereof as may have been agreed to by the Underwriters;

(4) An opinion or opinions relating to the Bonds, dated the Closing Date and addressed to the District, of Bond Counsel, in substantially the form included in the Official Statement as Appendix F, together with a letter or letters of such Bond Counsel, dated the Closing Date and addressed to the Underwriters, to the effect that the foregoing opinion or opinions addressed to the District may be relied upon by the Underwriters to the same extent as if such opinion or opinions were addressed to them;

(5) An opinion or opinions, dated the Closing Date and addressed to the Senior Underwriter, of Bond Counsel, in substantially the form attached hereto as Exhibit E;

(6) An opinion, dated the Closing Date and addressed to the Senior Underwriter, of General Counsel to the District, in substantially the form attached hereto as Exhibit C;

(7) An opinion, dated the Closing Date and addressed to the Underwriters, of Nixon Peabody LLP, as counsel for the Underwriters ("Underwriters' Counsel"), to the effect that (i) the Bonds are exempt from the registration requirements of the Securities Act of 1933, as amended, and the Subordinate Resolution is exempt from qualification under the Trust Indenture Act of 1939, as amended; (ii) the Undertaking complies as to form in all material respects with the requirements of paragraph (b)(5) of the Rule applicable to the primary offering of the Bonds; and (iii) based upon the information made available to them in the course of their participation in the preparation of the Preliminary Official Statement and the Official Statement as counsel to the Underwriters and without having undertaken to determine independently, or assuming any responsibility for, the accuracy, completeness or fairness of the statements contained in the Preliminary Official Statement and the Official Statement, they do not believe that (A) the Preliminary Official Statement, as of its date and as of the date of the Contract of Purchase, and (B) the Official Statement as of its date and as of the Closing Date, contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (except for the information relating to Cede & Co., DTC or the operation of the book-entry system, the Appendices to the Official Statement, except Appendices D, E and G, and summaries thereof and references thereto, and other financial, accounting and statistical data included therein, as to all of which no view need be expressed); and (iii) with respect to such matters as the Underwriters may reasonably require;

(8) A certificate, dated the Closing Date, signed by an Authorized Representative of the District in substantially the form attached hereto as Exhibit D (but in lieu of or in conjunction with such certificate the Underwriters may, in its sole discretion, accept certificates or opinions of General Counsel to the District, or of other counsel acceptable to the Underwriters, that in the opinion of such counsel the issues raised in any pending or threatened litigation referred to in such certificate are without substance or that the contentions of all plaintiffs therein are without merit);



(9) An acceptance of and agreement to the provisions of the Eighteenth Supplemental Resolution executed by the Trustee under the Subordinate Master Resolution in form and substance acceptable to the Underwriters;

(10) A tax certificate related to the Bonds in substance and form satisfactory to Bond Counsel;

(11) Ratings of the Bonds from S&P Global Ratings (“S&P”) of not less than “[\_\_\_\_ (\_\_\_\_ outlook)]” and from Fitch Ratings, Inc. (“Fitch”) of not less than “[\_\_\_\_ (\_\_\_\_ outlook)]”;

(12) An opinion of counsel to the Trustee, dated the Closing Date, addressed to the Underwriters, to the effect that (i) the Trustee is a national banking association duly organized and validly existing under the laws of the United States of America having full power and being qualified to enter into, accept and agree to the provisions of the Subordinate Resolution and to enter into and perform the Undertaking (ii) the Undertaking has been duly authorized, executed and delivered by the Trustee and, assuming due authorization, execution and delivery by the other parties thereto, constitutes the valid and binding obligation of the Trustee enforceable in accordance with its terms, subject to laws relating to bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting creditors’ rights generally, to the application of equitable principals and to the exercise of judicial discretion in appropriate cases, and to enter into and perform the Undertaking (iii) all approvals, consents and orders of any governmental authority or agency having jurisdiction in this matter that would constitute a condition precedent to the performance by the Trustee of its duties and obligations under the Subordinate Resolution and the Undertaking have been obtained and are in full force and effect, and (iv) the acceptance of the duties and obligations of the Trustee under the Subordinate Resolution and the Undertaking and the consummation of the transactions on the part of the Trustee contemplated therein, and the compliance by the Trustee, as applicable, with the terms, conditions and provisions of such document do not contravene any provisions of applicable law or regulation or any order or decree, writ or injunction or the Articles of Association or Bylaws of the Trustee, and, to the best knowledge of such counsel, will not require the consent under or result in a breach of or a default under, any resolution, agreement or other instrument to which the Trustee is a party or by which it may be bound;

(13) A copy of the Blanket Letter of Representations to DTC relating to the Bonds signed by DTC and the District; and

(14) Such additional legal opinions, certificates, instruments and other documents as the Underwriters may reasonably request to evidence the truth and accuracy and completeness, as of the date hereof and as of the Closing Date, of the District’s representations and warranties contained herein and of the statements and information contained in the Preliminary Official Statement or the Official Statement, and the due performance or satisfaction by the District at or prior to the Closing Date of all agreements then to be performed and all conditions then to be satisfied by the District in connection with the transactions contemplated hereby and by the Subordinate Resolution and the Preliminary Official Statement or the Official Statement.



If any of the conditions to the obligations of the Underwriters contained in this Section or elsewhere in this Contract of Purchase with respect to the Bonds shall not have been satisfied when and as required herein, all obligations of the Underwriters hereunder with respect to the Bonds may be terminated by the Underwriters at, or at any time prior to, the Closing Date by written notice to the District.

4. **Offering.** The obligations of the District to sell and to deliver the Bonds on the Closing Date to the Underwriters shall be subject to the following conditions:

(a) The entire \$[ ] aggregate principal amount of the Bonds shall be purchased, accepted and paid for by the Underwriters on the Closing Date; and

(b) The District shall receive an Issue Price Certificate of the Senior Underwriter substantially in the form attached hereto as Exhibit F with respect to the Bonds.

5. **Issue Price of the Bonds.** The Senior Underwriter, on behalf of the Underwriters, agrees to assist the District in establishing the issue price of the Bonds and shall execute and deliver to the District at Closing an “issue price” or similar certificate substantially in the form attached hereto as Exhibit F, together with the supporting pricing wires or equivalent communications, with modifications to such certificate as may be deemed appropriate or necessary, in the reasonable judgment of the Senior Underwriter, the District and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds.

(b) [Except for the maturities set forth in Schedule A attached hereto,] the District will treat the first price at which 10% of each maturity of the Bonds (the “10% test”) is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test).

(c) [The Underwriter confirms that it has offered the Bonds to the public on or before the date of this Contract of Purchase at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in the final Official Statement. Schedule A sets forth, as of the date of this Contract of Purchase, the maturities, if any, of the Bonds for which the 10% test has not been satisfied and for which the District and the Underwriter agrees that (i) the Underwriter will retain all unsold Bonds of each maturity for which the 10% test has not been satisfied and (ii) the restrictions set forth in the next sentence shall apply, which will allow the District to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriter will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

(1) the close of the fifth (5th) business day after the sale date; or



(2) the date on which the Underwriter has sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter shall promptly advise the District or the District's municipal advisor when the Underwriter has sold 10% of that maturity of the Bonds to the public at [a price] that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.]

(d) [The Underwriter confirms that:

(1) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the underwriter is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A)(ii) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (ii) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriter and as set forth in the related pricing wires, (B) promptly notify the Underwriter of any sales of the Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below) and (C) acknowledge that, unless otherwise advised by the dealer or broker-dealer, each order submitted by the dealer or broker-dealer is a sale to the public; and

any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating the Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriter and as set forth in the related pricing wires.]

(e) The Underwriters acknowledge that sales of any Bonds to any person that is a related party to an Underwriter shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(3) "public" means any person other than an underwriter or a related party,

(4) "underwriter" means (A) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any



person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public),

(5) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(6) “sale date” means the date of execution of this Contract of Purchase by all parties.

**6. Termination.** The Underwriters shall have the right to terminate their obligations under this Contract of Purchase to purchase, accept delivery of and to pay for the Bonds, if,

(a) between the date hereof and the Closing Date, the market price or marketability, or the ability of the Underwriters to enforce contracts for the sale, at the initial offering prices set forth in the Official Statement, of the Bonds have been materially adversely affected, in the judgment of the Underwriters, (evidenced by a written notice to the District terminating the obligation of the Underwriters to accept delivery of and pay for the Bonds), by reason of any of the following:

(1) (x) any legislation which is (A) enacted by Congress, (B) favorably reported for passage to either House of the Congress of the United States by any Committee of such House to which such legislation has been referred for consideration, or (C) recommended to the Congress for passage by the President of the United States or the Treasury Department, but only, however, if the occurrence of any of the foregoing events is generally accepted by the municipal bond market as potentially affecting the federal tax status of the District, its property or income or the interest on its bonds or notes (including the Bonds), (y) any decision rendered by a court established under Article III of the Constitution of the United States or the Tax Court of the United States, or (z) a final order, ruling, regulation or official statement issued or made by or on behalf of the Treasury Department of the United States or the Internal Revenue Service with the purpose or effect, directly or indirectly, of imposing federal income taxation upon such interest as would be received by the holders of the Bonds, or upon such revenues or other income of the general character expected to be received by the District, provided, however, that the enactment of legislation which only diminishes the value of, as opposed to



eliminating the exclusion from gross income for federal income tax purposes will not give the Underwriters the right to terminate their obligations hereunder.

(2) Legislation enacted (or resolution passed) by the Congress or a final order, ruling, regulation or official statement is issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds are not exempt from registration under or other requirements of the Securities Act of 1933, as amended, or are not exempt from qualification under, or other requirements of, the Trust Indenture Act of 1939, as amended, or that the issuance, offering or sale of the Bonds or obligations of the general character of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Preliminary Official Statement or the Official Statement, otherwise is or would be in violation of the federal securities laws as amended and then in effect;

(3) Any new material outbreak or escalation of hostilities having a material effect on the financial markets of the United States or the declaration by the United States of a national emergency or war or the occurrence of any other local, national or international calamity, crisis or event relating to the effective operation of the government of or the financial community in the United States or an escalation thereof, including, without limitation, a downgrade of the sovereign debt rating of the United States by any major credit rating agency or payment default on United States Treasury obligations;

(4) the declaration of a general banking moratorium by federal, New York or California authorities, or the general suspension of trading on the New York Stock Exchange or any other national securities exchange, or any material disruption in commercial banking or securities settlement, or payment services or clearing services;

(5) the imposition by the New York Stock Exchange or other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Bonds or obligations of the general character of the Bonds or securities generally, or the material increase of any such restrictions now in force, including those relating to the net capital requirements of, the Underwriters;

(6) the adoption of any amendment to the federal or California Constitution, decision by any federal or California court, or enactment by any federal or California legislative body materially adversely affecting (i) the District or the right of the District to receive or to pledge any of the Net Subordinated Revenues, or (ii) the validity or enforceability of this Contract of Purchase, the Bonds or the Subordinate Resolution;

(7) the adoption of any amendment to the California Constitution, decision by any California court, or enactment by any California legislative body adversely



affecting the exemption of state or local income tax upon such interest as would be received by the holders of the Bonds, or

(8) (i) a downgrading or suspension of any rating (without regard to credit enhancement) by Moody's, S&P, or Fitch of any debt securities issued by the District, or (ii) there shall have been any official statement as to a possible downgrading (such as being placed on "credit watch" or "negative outlook" or any similar qualification) of any rating by Moody's, S&P or Fitch of any debt securities issued by the District, including the Bonds.

(b) an event occurs, or information becomes known, which, in the judgment of the Underwriters, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

**7. Expenses.** (a) Except as set forth in paragraph (b) of this Section, the Underwriters shall be under no obligation to pay, and the District shall pay, or cause to be paid, all expenses incident to the performance of the District's obligations hereunder including, but not limited to, the cost of word processing and reproducing, executing and delivering the Bonds to the Underwriters; the cost of preparation, printing (and/or word processing and reproducing), distribution and delivery of the Subordinate Resolution; the cost of printing and distributing copies of the Preliminary Official Statement and the Official Statement in sufficient quantities for distribution in connection with the sale of the Bonds (including resales in the secondary market); the fees and disbursements of Bond Counsel; the fees and disbursements of PFM Financial Advisors LLC for its services as Municipal Advisor to the District; the fees and disbursements of any other engineers, accountants, and any other experts or consultants retained in connection with the issuance of the Bonds; the fees and disbursements of the Trustee; fees charged by the rating agencies for rating the Bonds; any advertising expenses; filing fees; CUSIP charges; or fees and expenses of any credit enhancement; expenses incurred by the Underwriters on behalf of the District relating to food, transportation or lodging for District staff members attending the bond pricing are to be reimbursed by the District through proceeds of the Bonds or available funds of the District (the District's obligations in regard to these expenses survive if delivery of the Bonds fails due to one of the conditions set forth in Section 3 hereof or this Contract of Purchase is terminated pursuant to Section 6 hereof) and any other expenses not specifically enumerated in paragraph (b) of this Section incurred in connection with the issuance of the Bonds.

(b) The District shall be under no obligation to pay, and the Underwriters shall pay (from the expense component of the underwriting discount), the cost of preparation of the Agreement Among Underwriters and the letter of instructions relating thereto and this Contract of Purchase; the cost of wiring funds for the payment of the purchase price of the Bonds; the fees and expenses of DTC incurred with respect to depositing the Bonds therewith; expenses to qualify the Bonds for sale under any "Blue Sky" laws; fees to the California Debt and Investment Advisory Commission; and all other expenses incurred by the Underwriters in connection with its public offering and distribution of the Bonds not specifically enumerated in paragraph (a) of this Section, including the fees and disbursements of Underwriters' Counsel. Notwithstanding that the fees to



the California Debt and Investment Advisory Commission are solely the legal obligation of the Underwriters, the District agrees to reimburse the Underwriters for such fees.

8. **Notices.** Any notice or other communication to be given to the District under this Contract of Purchase may be given by delivering the same in writing to Sacramento Municipal Utility District, at 6201 S Street, Sacramento, California 95817-1899; and any notice or other communication to be given to the Underwriters under this Contract of Purchase may be given by delivering the same in writing to Barclays Capital Inc., 10250 Constellation Blvd, Suite 750, Los Angeles, California 90067, Attention: [\_\_\_\_], [\_\_\_\_\_].

9. **Parties in Interest.** This Contract of Purchase is made solely for the benefit of the District and the Underwriters (including successors or assigns of any Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof. The term “successors and assigns” as used in this Section shall not include any purchaser of the Bonds, as such purchaser, from any of the several Underwriters.

10. **Survival of Representations and Warranties.** The representations and warranties of the District, set forth in or made pursuant to this Contract of Purchase, shall not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the closing or termination of this Contract of Purchase and regardless of any investigations or statements as to the results thereof made by or on behalf of the Underwriters and regardless of delivery of and payment for the Bonds.

11. **Counterparts.** This Contract of Purchase may be executed in several counterparts, which together shall constitute one and the same instrument.

12. **California Law Governs; Venue.** The validity, interpretation and performance of this Contract of Purchase shall be governed by the laws of the State of California. Any action or proceeding to enforce or interpret this Contract of Purchase shall be brought, commenced or prosecuted in the County of Sacramento, California.

13. **Entire Agreement.** This Contract of Purchase when accepted by you in writing as heretofore specified shall constitute the entire agreement between us.

[remainder of page intentionally left blank]



14. **Effectiveness.** This Contract of Purchase shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by an authorized officer of the District and shall be valid and enforceable as of the time of such acceptance.

Very truly yours,

BARCLAYS CAPITAL INC. and  
BOFA SECURITIES, INC.

BY: BARCLAYS CAPITAL INC., as Senior  
Underwriter

---

Accepted: [PRICING DATE]

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By: \_\_\_\_\_  
Jennifer Restivo  
Treasurer

[Signature page to Series E Bonds Contract of Purchase]



## Exhibit A

### SACRAMENTO MUNICIPAL UTILITY DISTRICT

\$[\_\_\_\_\_]

### Subordinated Electric Revenue Bonds, 2025 Series E

Maturity Date:	[August 15, 2049]*
Initial Interest Rate Mode:	Term Rate Mode
End of Initial Term Rate Period:	_____
Initial Scheduled Mandatory Purchase Date:	_____
Call Protection Date for Initial Term Rate Period:	_____
Initial Interest Rate:	%
Price:	%
Yield for Initial Term Rate Period:	%
CUSIP:	

#### Optional Redemption

The Bonds in the Term Rate Mode are subject to redemption at the option of SMUD in whole or in part (provided that no Bonds shall remain Outstanding except in Authorized Denominations) on any date on or after the Call Protection Date for the Term Rate Period at a Redemption Price equal to the principal amount, or portions thereof, of the Bonds to be redeemed, without premium, plus accrued interest, if any, to the Redemption Date.

#### Mandatory Sinking Fund Redemption

The Bonds are subject to mandatory redemption in part, by lot, on [August 15] in the years shown in the following table, at a Redemption Price equal to the principal amount thereof, plus accrued interest, if any, to the date of redemption in an amount equal to the Sinking Fund Installments for such Bonds for such date:

Years ([August 15])	Sinking Fund Installment	Years ([August 15])	Sinking Fund Installment
_____	_____	_____	_____

---

<sup>†</sup> Stated Maturity.



**SACRAMENTO MUNICIPAL UTILITY DISTRICT**

**Exhibit B to the Contract of Purchase  
(Official Statement)**



**SACRAMENTO MUNICIPAL UTILITY DISTRICT**

**Exhibit C to the Contract of Purchase  
(Opinion of General Counsel to the  
Sacramento Municipal Utility District)**

[CLOSING DATE]

Barclays Capital Inc.  
10250 Constellation Blvd, Suite 750  
Los Angeles, California 90067

Re: Sacramento Municipal Utility District  
\$[ ] Subordinated Electric Revenue Bonds, 2025 Series E

Ladies and Gentlemen:

This opinion is being delivered pursuant to Paragraph 3(d)(6) of the Contract of Purchase (the “Contract of Purchase”), dated [PRICING DATE] between Barclays Capital Inc., as Senior Managing Underwriter named therein (the “Senior Underwriter”), and the Sacramento Municipal Utility District (the “District”) relating to the above-captioned bonds (the “Bonds”).

As counsel to the District, I have reviewed (i) Resolution No. 85-11-1 of the District, adopted on November 7, 1985, as amended and restated pursuant to Resolution No. 01-06-10, adopted by the Board of Directors of the District on June 21, 2001, as amended and supplemented to date, including as amended and supplemented by Resolution No. [25-05- ], adopted on [May 15, 2025] (as so amended and supplemented, the “Subordinate Resolution”); (ii) the Continuing Disclosure Agreement, dated the date hereof (the “Undertaking”), between the District and U.S. Bank Trust Company, National Association, as trustee (in such capacity, the “Trustee”); (iii) the Preliminary Official Statement of the District, dated [POS DATE] (the “Preliminary Official Statement”); (iv) the Official Statement of the District, dated [PRICING DATE] (the “Official Statement”); and (v) such other documents, opinions and matters to the extent I deemed necessary to provide the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. I have assumed the genuineness of all documents and signatures presented to me (whether as originals or as copies) and the due and legal execution and delivery by, and validity against, any parties other than the District. I have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. I have further assumed compliance with all covenants and agreements contained in such documents.

I call attention to the fact that the rights and obligations under the Subordinate Resolution, the Undertaking, and the Contract of Purchase may be subject to bankruptcy,



insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, and to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against municipal utility districts in the State of California. I express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained therein.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, I am of the opinion that:

1. The District is a political subdivision of the State of California duly organized and validly existing under the Act, as amended, and has full legal right, power and authority to execute and deliver (or adopt, as the case may be), and to perform its obligations under, the Subordinate Resolution, the Undertaking and the Contract of Purchase.

2. The Contract of Purchase and the Undertaking have been duly authorized, executed and delivered by the District, and, assuming due authorization, execution and delivery by each of the parties thereto other than the District, constitute the legal, valid and binding obligations of the District, enforceable against the District in accordance with their respective terms.

3. The District is not in breach of or default under any existing constitutional provision, applicable law or administrative regulation of the State of California or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument known to me after reasonable inquiry to which the District is a party or to which the District or any of its property or assets is otherwise subject which would have a material adverse effect on the financial condition or operations of the District, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument which would have a material adverse effect on the financial condition or operations of the District; and the execution and delivery of the Bonds, the Undertaking and the Contract of Purchase and the adoption of the Subordinate Resolution, and compliance with any existing constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument known to me after reasonable inquiry to which the District is a party or to which the District or any of its property or assets is otherwise subject will not, as of the date hereof, conflict with or constitute a breach of or default under any such instrument which would have a material adverse effect on the financial condition or operations of the District, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the District or under the terms of any such law, regulation or instrument, except as expressly provided by the Bonds and the Subordinate Resolution.

4. The statements contained in the Preliminary Official Statement and the Official Statement which purport to describe certain provisions of the Bonds, the Undertaking, and the Subordinate Resolution present a fair and accurate summary of such provisions for the purpose of use in the Preliminary Official Statement and the Official Statement.



5. Except as described or referred to in the Preliminary Official Statement and the Official Statement, as of the date hereof, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best of my knowledge, threatened against the District affecting the corporate existence of the District or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the collection of the Revenues (as defined in the Subordinate Resolution) or the Net Subordinated Revenues (as defined in the Subordinate Resolution) pledged or to be pledged to pay the principal of and interest on the Bonds or contesting or affecting as to the District the validity or enforceability of the Act, the Bonds, the Subordinate Resolution, the Contract of Purchase or the Undertaking, or contesting the tax exempt status of interest on the Bonds, or which may result in any material adverse change relating to the District, other than routine litigation of the type which normally accompanies its operation of its generation, transmission and distribution facilities, or contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or contesting the powers of the District or any authority for the issuance of the Bonds, the adoption of the Subordinate Resolution, or the execution and delivery by the District of the Contract of Purchase or the Undertaking, nor, to the best of my knowledge, is there any basis for any such action, suit, proceeding, inquiry or investigation wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Act or the authorization, execution, delivery or performance by the District of the Bonds, the Subordinate Resolution, the Undertaking or the Contract of Purchase.

6. Based upon my review of the Preliminary Official Statement and the Official Statement as General Counsel to the District and without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Preliminary Official Statement and the Official Statement (except as specifically set forth in paragraph 4 hereof), I have no reason to believe that the statements contained in the Preliminary Official Statement (except for information relating Cede & Co., DTC or the operation of the book-entry system, the Appendices (except Appendix A) to the Preliminary Official Statement, and other financial and statistical data included therein, as to all of which I express no view) as of its date and as of the date of the Contract of Purchase contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading and the Official Statement (except for information relating Cede & Co., DTC or the operation of the book-entry system, the Appendices (except Appendix A) to the Official Statement, and other financial and statistical data included therein, as to all of which I express no view) (A) as of the date of the Official Statement contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading or (B) as of the date hereof contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

For purposes of the opinions expressed herein, I have assumed that an agreement or other document is “material” to the District if it involves amounts in excess of \$10,000,000 and that a matter would result in a “material adverse change” to the District if the financial consequences involved would exceed \$10,000,000.



I understand that you are relying upon the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, with respect to the validity of the Bonds and the exclusion of interest on the Bonds from gross income for federal income tax purposes and the Bonds for purposes of State of California income taxation and, accordingly, render no opinion with respect thereto.

Very truly yours,



## **SACRAMENTO MUNICIPAL UTILITY DISTRICT**

### **Exhibit D to the Contract of Purchase**

#### **CERTIFICATE**

The Sacramento Municipal Utility District (the “District”), hereby certifies that:

(1) The representations and warranties of the District (excluding those representations and warranties contained in Section 2(e) and Section 2(k) of the hereinafter defined Contract of Purchase) contained in the Contract of Purchase, dated [PRICING DATE], between the District and the Underwriters named therein (the “Contract of Purchase”) with respect to the sale by the District of \$[\_\_\_\_\_] principal amount of Sacramento Municipal Utility District Subordinated Electric Revenue Bonds, 2025 Series E (the “Bonds”), are true and correct on and as of the Closing Date as if made on the Closing Date.

(2) All approvals, consents, authorizations, licenses and permits, elections and orders of or filings or registrations with any governmental authority, legislative body, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect, the due performance by the District of its obligations in connection with the issuance of the Bonds under the Subordinate Resolution, the Undertaking and the Contract of Purchase have been duly obtained or made and are in full force and effect, except for such approvals, consents and orders as may be required under the “Blue Sky” or other securities laws of any state in connection with the offering and sale of the Bonds; and, except as disclosed in the Preliminary Official Statement and the Official Statement, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, board, agency or commission having jurisdiction in the matters which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the District of its respective obligations under, the Contract of Purchase, the Undertaking, the Bonds or the Subordinate Resolution, or which are necessary to permit the District to carry out the transactions contemplated by the Preliminary Official Statement and the Official Statement to acquire, construct, operate, maintain, improve and finance the Electric System have been duly obtained or, where required for future performance, are expected to be obtained.

(3) Except as disclosed in the Preliminary Official Statement and the Official Statement, no litigation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, regulatory agency, public board or body, is pending or, to the best of knowledge of the officer of the District executing this Contract of Purchase after due investigation, threatened against the District, in any way affecting the corporate existence of the District or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of any of the Bonds or the collection of the Revenues (as defined in the Subordinate Resolution) or the Net Subordinated Revenues (as defined in the Subordinate Resolution) pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting as to the District the validity or enforceability



of the Act, the Bonds, the Subordinate Resolution, the Contract of Purchase, the Undertaking, or any action of the District contemplated by any of said documents, or contesting the tax exempt status of interest on the Bonds, or which may result in any material adverse change relating to the District, other than routine litigation of the type which normally accompanies its operation of its generation, transmission and distribution system, or contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or contesting the powers of the District or any authority for the issuance of the Bonds, the adoption of the Subordinate Resolution, or the execution and delivery by the District of the Contract of Purchase or the Undertaking, nor, to the best of my knowledge, is there any basis for any such action, suit, proceeding, inquiry or investigation wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Act of the authorization, execution, delivery or performance by the District of the Bonds, the Subordinate Resolution, the Undertaking, or the Contract of Purchase, or any action of the District contemplated by any of said documents, or which would adversely affect the exclusion from gross income for federal income tax purposes of interest paid on the Bonds, nor to the knowledge of the officer of the District executing this Contract of Purchase is there any basis therefor.

(4) No event affecting the District has occurred (with respect to the Preliminary Official Statement, from its date to the date of the Contract of Purchase, and with respect to the Official Statement, since the date of the Official Statement) which should have been or should be disclosed in the Preliminary Official Statement or the Official Statement so that the Preliminary Official Statement or the Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and which has not been disclosed in a supplement or amendment to the Preliminary Official Statement or the Official Statement.

(5) The District has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the date hereof pursuant to the Contract of Purchase with respect to the issuance of the Bonds.

(6) All capitalized terms employed herein which are not otherwise defined shall have the same meanings as in the Contract of Purchase.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By: \_\_\_\_\_  
Name:  
Title:

Dated: [CLOSING DATE]



**Exhibit E to the Contract of Purchase  
(Supplemental Opinion of Bond Counsel)**

[CLOSING DATE]

Barclays Capital Inc.  
10250 Constellation Blvd, Suite 750  
Los Angeles, California 90067

Sacramento Municipal Utility District  
Subordinated Electric Revenue Bonds,  
2025 Series E  

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 (Supplemental Opinion)

Ladies and Gentlemen:

This letter is addressed to Barclays Capital Inc. (“Barclays”), as Senior Underwriter pursuant to Section 3(d)(5) of the Contract of Purchase, dated [PRICING DATE] (the “Purchase Contract”), between Barclays and the other underwriters named therein and the Sacramento Municipal Utility District (“SMUD”), providing for the purchase of \$[\_\_\_\_\_] principal amount of Sacramento Municipal Utility District Subordinated Electric Revenue Bonds, 2025 Series E (the “2025E Subordinated Bonds”). The 2025E Subordinated Bonds are being issued pursuant to Resolution No. 85-11-1 of the Board of Directors of SMUD, adopted November 7, 1985, as amended and restated pursuant to Resolution No. 01-06-10, adopted June 21, 2001, as supplemented and amended by later resolutions of said Board of Directors (as so supplemented and amended, the “Resolution”), including Resolution No. [25-05-\_\_\_], adopted [May 15, 2025] (the “Eighteenth Supplemental Resolution”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolution or, if not defined in the Resolution, in the Purchase Contract.

In connection with our role as bond counsel to SMUD, we have reviewed the Purchase Contract; the Resolution; the Master Resolution; the Tax Certificate, dated the date hereof (the “Tax Certificate”), executed by SMUD; certain portions of the posted preliminary official statement of SMUD, dated [POS DATE], with respect to the 2025E Subordinated Bonds (the “Preliminary Official Statement”) and of the posted official statement of SMUD, dated [PRICING DATE], with respect to the 2025E Subordinated Bonds (the “Official Statement”); opinions of counsel to SMUD and the Trustee; certificates of SMUD, the Trustee and others; and such other documents, opinions and matters to the extent we deemed necessary to render the opinions and conclusions set forth herein.



The opinions and conclusions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions or conclusions may be affected by actions taken or omitted or events occurring after the original delivery of the 2025E Subordinated Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the original delivery of the 2025E Subordinated Bonds on the date hereof. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery thereof by, and validity against, any parties other than SMUD. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. We have further assumed compliance with all covenants and agreements contained in such documents. In addition, we call attention to the fact that the rights and obligations under the 2025E Subordinated Bonds, the Resolution, the Tax Certificate and the Purchase Contract and their enforceability may be subject to bankruptcy, insolvency, reorganization, receivership, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities such as SMUD in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute or to have the effect of a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinions with respect to the state or quality of title to or interest in any assets described in or as subject to the lien of the Resolution or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Finally, we undertake no responsibility for the accuracy, except as expressly set forth in numbered paragraph 3 below, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion or view with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions and conclusions:

1. The 2025E Subordinated Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Resolution is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

2. The Purchase Contract has been duly executed and delivered by, and constitutes a valid and binding obligation of, SMUD.

3. The statements contained in the Official Statement under the captions "THE 2025E SUBORDINATED BONDS" (excluding information relating to book-entry or The Depository Trust Company), "SECURITY FOR THE SUBORDINATED BONDS" and "TAX MATTERS" and in APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE RESOLUTION" and APPENDIX E – "SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND RESOLUTION" excluding any material that may be treated as included under such captions by cross-reference or reference to other documents or sources, insofar as such statements expressly summarize certain provisions of the Resolution, the



Master Resolution or set out the content of our final legal opinion as bond counsel to SMUD concerning the validity of the 2025E Subordinated Bonds and certain other matters, dated the date hereof and addressed to SMUD, are accurate in all material respects.

4. We are not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of any of the statements contained in the Preliminary Official Statement or (except as explicitly stated in paragraph 3 above) in the Official Statement and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. In our capacity as bond counsel to SMUD in connection with issuance of the 2025E Subordinated Bonds, we participated in conferences with your representatives, your counsel, representatives of SMUD, its counsel, accountants, and others, during which the contents of the Preliminary Official Statement or the Official Statement and related matters were discussed. Based on our participation in the above-mentioned conferences (which, with respect to the Preliminary Official Statement, did not extend beyond the date of the Purchase Contract), and in reliance thereon, on oral and written statements and representations of SMUD and others and on the records, documents, certificates, opinions and matters herein mentioned, subject to the limitations on our role as bond counsel to SMUD, we advise you as a matter of fact and not opinion that (a) no facts had come to the attention of the attorneys in our firm rendering legal services with respect to the Preliminary Official Statement which caused us to believe as of the date of the Purchase Contract, based on the documents, drafts and facts in existence and reviewed as of that date, that the Preliminary Official Statement contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (except any information marked as preliminary or subject to change, any information permitted to be omitted by Securities and Exchange Commission Rule 15c2-12 or otherwise left blank and any other differences with the information in the Official Statement), and (b) no facts had come to the attention of the attorneys in our firm rendering legal services with respect to the Official Statement which caused us to believe as of the date of the Official Statement and as of the date hereof that the Official Statement contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, we expressly exclude from the scope of this paragraph and express no view with respect to both the Preliminary Official Statement and the Official Statement, about any CUSIP numbers, financial, accounting, statistical or economic, engineering or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, any statements about compliance with prior continuing disclosure undertakings, any management discussion and analysis, any information about Cede & Co., The Depository Trust Company or book-entry, ratings, rating agencies, municipal advisors, underwriters, underwriting and the information contained in Appendices B and C included or referred to therein or omitted therefrom. No responsibility is undertaken or conclusion expressed with respect to any other disclosure document, materials or activity, or as to any information from another document or source referred to by or incorporated by reference in the Preliminary Official Statement or the Official Statement.

This letter is furnished by us as bond counsel to SMUD. No attorney-client relationship has existed or exists between our firm and you in connection with the 2025E Subordinated Bonds or by virtue of this letter. We disclaim any obligation to update this letter. This letter is delivered



to you as Senior Underwriter of the 2025E Subordinated Bonds, is solely for your benefit as such Senior Underwriter in connection with the original delivery of the 2025E Subordinated Bonds on the date hereof, and is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to, and may not, be relied upon by owners of 2025E Subordinated Bonds or by any other party to whom it is not specifically addressed.

Very truly yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP



## Exhibit F to the Contract of Purchase

### (Form of Issue Price Certificate Of The Senior Underwriter Regarding Offering Prices)

\$[\_\_\_\_\_]

Sacramento Municipal Utility District  
Subordinated Electric Revenue Bonds, 2025 Series E

The undersigned, on behalf of Barclays Capital Inc., as representative (the “Representative”) of itself and BofA Securities, Inc. (together, the “Underwriting Group”), hereby certifies, on its own behalf and on behalf of the other members of the Underwriting Group on the basis of representations and warranties set forth in the agreement among underwriters, as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. ***Sale of the [General Rule Maturities]/[Bonds].*** As of the date of this Certificate, for each Maturity of the [General Rule Maturities]/[Bonds], the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***[Initial Offering Price of the Hold-the-Offering-Price-Maturities.***

(a) The Underwriter offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this Certificate as Schedule B.

(b) As set forth in the Bond Purchase Agreement for the Bonds, the Underwriter has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the unsold Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) unsold Bonds of the Hold-the-Offering-Price Maturities shall be retained by the Underwriter. Pursuant to such agreement, the Underwriter has not offered or sold any unsold Bonds of any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period. ]

3. ***Defined Terms.***

(a) [General Rule Maturities means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.” ]

(b) [Hold-the-Offering-Price Maturities means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”]

(c) [Holding Period means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the Underwriter has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.]



(d) *Issuer* means Sacramento Municipal Utility District.

(e) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party (as such terms are defined below) to an Underwriter.

(g) A purchaser of any of the Bonds is a *Related Party* to any Underwriter if the Underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(h) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is [PRICING DATE].

(i) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only, and as it relates to the actions of the other Underwriters, such representations are made to the best of the Representative's knowledge based on the Representative's records. Nothing in this certificate represents the Representative's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Issuer, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.



Dated: [CLOSING DATE]

BARCLAYS CAPITAL INC.,  
as representative of the Underwriting Group

By: \_\_\_\_\_

Name: \_\_\_\_\_



**Schedule A**

**Sale Prices**

\$[\_\_\_\_\_]

**Subordinated Electric Revenue Bonds, 2025 Series E**

<b>Initial Mode</b>	<b>First day of Initial Period</b>	<b>Last Day of Initial Period</b>	<b><u>Initial Interest Rate</u></b>	<b><u>First Interest Payment Date</u></b>	<b><u>Maturity</u></b>	<b><u>Hold-the- Price Maturities</u></b>	<b><u>General Rule Maturities</u></b>
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**Schedule B**

**Pricing Wire or Equivalent Communication**

☐ Not applicable, because there are no Hold-the-Offering-Price Maturities

☐ Attached



President Fishman then called for public comment items not on the agenda.

James Tong, Chief Executive Officer of Mitra EV, stated that Mitra EV had a ribbon cutting event earlier in the day that Directors Rose and Sanborn had attended. He stated his company is creating a shared charging infrastructure for small business fleet charging that partners with private and public charging. He shared a map denoting a network of chargers throughout SMUD's service territory and thanked SMUD for working with Mitra EV on the innovative solution.

President Fishman then turned to Directors' Reports.

Director Rose commended Mitra EV on the work they are doing in the fleet charging space. He then reported on his meeting with Citrus Heights Mayor Karpinski-Costa regarding a project and noted he had recently wrapped up his leadership program with the American Leadership Forum (ALF) where he was proud to represent SMUD.

Director Bui-Thompson reported on her attendance at the Roberts Family Development Center dinner where SMUD CEO Paul Lau was honored with the Visionary Award. She then reported on her attendance at the Sacramento Metro Chamber's Capitol to Capitol (Cap to Cap) trip where business and elected leaders go to Washington, DC, to lobby on behalf of the region's priorities. She concluded by reporting on her attendance at Rancho Cordova's 35<sup>th</sup> Annual Kids Day in the Park and thanked SMUD staff for their support and attendance despite the rain.

Director Herber reported on her attendance at Cap to Cap, the Roberts Family Development Center dinner, the California Climate Policy Summit, and the North State Building Industry Association's breakfast on Artificial Intelligence and Innovation in Home Building. She concluded by reporting on her participation in legislative meetings with Assemblymembers Flora, Hoover, Krell and Senators Ashby and Cabaldon.

Director Kerth stated he had a busy month but would reserve his report for the next meeting as his voice would not last through the full report.



Vice President Tamayo congratulated the winning participants from Ward 6 in the Earth Day Art contest. He then reported on his attendance at the Cordova Community Council luncheon, the California Climate Policy Summit, and Earth Day at Southside Park. He reported on his video shoot with Sacramento City Councilmember Mai Vang promoting electrification and concluded by reporting on his participation in legislative meetings with Senators Ashby and Cabaldon and Assemblymembers Hoover and Krell.

Director Sanborn reported on her speaking engagement at the State of the PBID (Property Business Improvement District) event in Carmichael, her participation in the Children's Receiving Home of Sacramento's Night Out at Top Golf fundraiser, her attendance at the North Sacramento Chamber of Commerce Salute to Democracy along with Director Kerth, and her attendance at the Museum of Science and Curiosity (MOSAC) Sip and Support event. She then reported on her speaking engagement with the Consumnes Oaks High School Team Verdant on composting and natural carbon sequestration. She thanked Sac EV for being at the Earth Day celebration and reported on her attendance at Cap to Cap. She reported on her attendance at the Kiwanis Club of Carmichael's Taste of Carmichael event and noted she was excited to start the America Leadership Forum program. She concluded by thanking Mr. Tong for coming to share information about the effort to get public/private partnership to get chargers available for light duty vehicles.

President Fishman reported on his attendance at Cultivate, a culinary campaign to end cancer, in West Sacramento, the MOSAC Sip and Support event, and the annual Taste of East Sacramento event. He reported on his speaking engagement at SMUD's solar car race at Sac State, his attendance at Cap to Cap, and his speaking engagement at the American Society for Public Administration Annual Awards where SMUD was recognized for innovation. He concluded by reporting on his welcome address at the Sustainable Facilities Forum happening at the Scottish Rite Temple.

Paul Lau, Chief Executive Officer and General Manager, continued his report on the following items:



**2) AAPI Month and Military Appreciation Month.** I would like to

start tonight's report by recognizing May as both AAPI Month and Military Appreciation Month. AAPI Month gives us an opportunity to learn about and honor the unique cultures, history and achievements of Asian American, Native Hawaiian and Pacific Islander people in our community. During Military Appreciation Month, we want to express our deepest gratitude to the brave men and women who have served, and continue to serve, our country. In fact, it is a great time to share that SMUD has been named a 4-Star Employer in the 2025 VETS Indexes Employer Awards. This recognition reflects our dedication to recruiting, hiring and supporting veterans and the military-connected community. A big thank you to our Groups Reaching Across International Networks, or GRAIN, and Military Employee Resource Group (MERG) for the work you do to provide inclusive representation for our employees through offering support, networking opportunities and a sense of community within SMUD. We have also been out in the community this month with our partners celebrating these important observances.

**3) Learning@SMUD.** Right now, we are in the middle of our

three-week annual Learning@SMUD program! By offering employees dozens of learning sessions, they are able to learn from peers, subject-matter experts and special guest speakers. We have everything from ride alongs, to classroom learnings to sitting alongside a customer service representative in our contact center. This in-house professional development effort supports our commitment to foster a culture of growth and excellence by empowering employees with comprehensive learning opportunities. Thank you and great work by all those who made this year's lineup possible! I am really proud of how



dedicated SMUD is to the growth and development of our employees, and offering this deep learning experience is something you do not often see at other companies.

4) **Student Events.** On the theme of learning, we held two big events for students this month. Our 12th annual Solar Regatta was a great success! Five hundred high school and college students raced their handcrafted boats across Rancho Seco Lake over two days. Local students also gathered to participate in our 18th Annual Solar Car Race. Two hundred fifty middle school and high school students had fun racing their own solar powered cars. Thanks to the SMUD Board members who attended these events, and to our team of employees for creating engaging events for our next generation of clean energy leaders.

5) **Awards.** As for awards, Team SMUD continues to shine! Here are just a few examples: First off, big congratulations to our Chief Customer Officer, Brandy Bolden, who was honored with a C-Suite Award from the *Sacramento Business Journal*. The C-Suite Awards celebrate exceptional leadership skills, strategic thinking, and ability to inspire teams. Way to go, Brandy! Next up, Laura Lewis, our Chief Legal Officer and General Counsel was recognized as one of the 2025 Women Who Mean Business by the *Sacramento Business Journal*. This award honors businesswomen who have thrived in their roles while helping their organizations become and remain successful. Congratulations, Laura! From our community partners: Our Education Team received the Most Valued Partner from the San Juan School District. And, SMUD also received the Heroes of Hope Corporate Leader award from My Sister's House. Congratulations to all!



**6) Board Video.** Tonight's video is about our commitment to the community we serve, and the work our employees do 24/7, 365 to support our mission to improve the quality of life for our customers and community.

Director Sanborn stated she had forgotten to mention that she was co-sponsoring a film developed by her friend Kathy Kasic entitled, "Memory of Darkness, Light and Ice," about Greenland. She stated it would be showing for free at the Crest Theater on Monday, May 19, and invited all to attend.

Director Bui-Thompson stated she had failed to recognize Economic Development Specialist Jim Alves for Chairing the most recent Cap to Cap event. She stated that it was an honor to have Jim Chair the event, and she commended him for his tireless volunteerism.

President Fishman requested the Summary of Board Direction, but there were no items.

President Fishman then stated that although there had been celebration earlier in the evening, it was with sadness that the meeting would be adjourned in memory of Strategic Account Advisor III Issa Ndiaye, who passed away unexpectedly on May 12. He stated that Issa is survived by his children and grandchildren: SMUD Community Engagement Representative Shawn Caesar, Shawn's two-year-old son, Emmett; daughter Aicha who is currently expecting a son, Luckey; and son Isaiah.

No further business appearing, President Fishman adjourned the meeting in memory of Issa Ndiaye at 7:20 p.m.

Approved:

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President

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Secretary



# Exhibit to Agenda Item #12

Approve the issuance of **SMUD 2025 Series O Revenue Bonds**, and **SMUD 2025 Series E Subordinated Electric Revenue Refunding Bonds**, authorize the distribution of the **Preliminary Official Statement**, and authorize the Chief Executive Officer and General Manager to execute documents necessary to complete the refunding transaction or transactions, including the **Bond Purchase Agreement or Agreements**.

Board of Directors Meeting

Thursday, May 15, 2025, scheduled to begin at 6:00 p.m.

SMUD Headquarters Building, Auditorium



# SMUD Revenue Bonds & Subordinated Electric Revenue Refunding Bonds

**SMUD uses debt to keep rates low and share capital costs equitably**

## Commercial paper

- Used to maintain 150 days cash
- Preserves ability to borrow for capital spending
- Can be issued quickly
- Typically refunded by Bonds

## Long-term bonds

- Long-term Fixed Rate Bonds – longer payback period
- Short-term Put Bonds – lower interest rate. Will have to refund in the future.



# Bond Transactions Details

## **\$250 million of new money**

- Refund \$75 million of outstanding Commercial Paper (CP) – restores full liquidity capacity
- Remaining funds will be used to reimburse for prior eligible capital expenditures
- Maintains SMUD's Days Cash above 150 days through year-end
- Structure will be based on market conditions at time of issuance

## **\$100 million to refund 2019 Series B Revenue Bonds**

- Put Bonds must be refunded before October due date
- Plan to issue 5-7 year Put Bonds due to lower interest rates



# Green Bonds and Commercial Paper

- SMUD's first Green Commercial Paper was issued in April 2025
- Expands investor pool for Environmental, Social, Governance (ESG) investors
- Pursuing Green Bonds for New money
- Helps establish market for Green Bonds and Commercial Paper





# | Questions?







Sacramento, California

June 4, 2025

The Board of Directors of the Sacramento Municipal Utility District met in special session simultaneously in the Auditorium of the SMUD Headquarters Building at 6201 S Street, Sacramento, telephonically at 13031 Ritz-Carlton Highlands Ct., Truckee, CA, and via virtual meeting (online) at 6:02 p.m.

Roll Call:

Presiding: President Fishman

Present: Directors Rose, Bui-Thompson, Herber, Kerth, Tamayo (telephonically), and Sanborn

Present also were Paul Lau, Chief Executive Officer and General Manager; Laura Lewis, Chief Legal & Government Affairs Officer and General Counsel and Secretary, other members of SMUD's executive management; and SMUD employees and visitors.

President Fishman called for approval of the agenda. Director Sanborn moved for approval of the agenda, Director Rose seconded, and the agenda was unanimously approved.

President Fishman then turned the meeting to Agenda Item 2, to hold a Public Rate Hearing on the Chief Executive Officer and General Manager's Report and Recommendation on Rates and Services (Volumes 1 & 2) dated March 20, 2025, and Chief Executive Officer and General Manager's Report and Recommendation on Open Access Transmission Tariff (Volume 1) dated March 20, 2025, together the "CEO & GM Reports."

President Fishman then asked General Counsel Lewis to provide a brief overview of the public rate process.

General Counsel Lewis stated the Board would be holding a public hearing on the CEO & GM Reports. She stated the Board would not be adopting the resolutions tonight but instead, after the hearing closed, the Board would introduce draft rate resolutions provided by staff or an alternative draft rate resolution. She stated the Board's introduction of the draft rate resolutions would



trigger the public comment period that would run for 10 days pursuant to SMUD's Ordinance 15-1, and that at the June 19, 2025, Board meeting, staff will request the Board to adopt the final rate resolutions.

President Fishman announced the public hearing would be transcribed by a court reporter, and, under the rate ordinance, members of the public who have not submitted a request for additional time at least 10 days in advance of today's meeting will have up to three minutes to speak on the CEO & GM Reports. President Fishman asked speakers to confine their comments to the rate report, and that if the public had comments on other SMUD matters, they would have an opportunity to speak during the general public comment for items not on the agenda portion of the meeting.

At 6:07 p.m. President Fishman convened a public hearing on the Chief Executive Officer and General Manager's Report and Recommendation on Rates and Services (Volumes 1 & 2) dated March 20, 2025, and Chief Executive Officer and General Manager's Report and Recommendation on Open Access Transmission Tariff (Volume 1) dated March 20, 2025, together the "CEO & GM Reports." A copy of the court reporter's transcript is attached to the minutes.

At 7:53 p.m. President Fishman closed the public hearing.

The public hearing was transcribed. For a complete record of the public hearing, please refer to the transcription.

President Fishman addressed Discussion Calendar Item 3, the introduction of draft rate resolutions to changes to SMUD's Rates, Rules and Regulations and Open Access Transmission Tariff (OATT) proposed by the Chief Executive Officer and General Manager's Report and Recommendation on Rates and Services (Volumes 1 & 2) dated March 20, 2025, and the Chief Executive Officer and General Manager's Report and Recommendation on OATT (Volume 1) dated March 20, 2025, together the "CEO & GM Reports."

President Fishman called for public comment on Discussion Calendar Item 3.

Steve Uhler stated that he noticed the Board had considered his written comment even although he did not give verbal comment, and he stated



that staff's characterization of what he was saying overlooked the discount provided to electric vehicle (EV) owners during certain times of the day. He stated that SMUD did not have to charge people for Power Factor, but SMUD could reward them. He stated he would like to give a presentation to a standing committee to provide his presentation, go over tools and answer questions to lower rates by being more efficient.

There being no discussion, President Fishman stated he would entertain a motion to approve Discussion Calendar Item 3 with a modification to the draft rate resolution to note that the Board had considered the alternative proposal from Mr. Uhler and, for the reasons discussed during the public hearing, had determined to reject it. Director Sanborn moved for approval of Discussion Calendar Item 3 with the modification, Director Bui-Thompson seconded, and Resolution No. 25-06-01 was unanimously approved.



## RESOLUTION NO. 25-06-01

### **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

**Section 1.** That this Board hereby approves introduction of a draft rate resolution to make changes to SMUD's Rates, Rules and Regulations proposed by the Chief Executive Officer and General Manager's Report and Recommendation on Rates and Services (Volumes 1 & 2) dated March 20, 2025, substantially in the form set forth in **Attachment A** hereto.

**Section 2.** That this Board approves introduction of a draft rate resolution to make changes to SMUD's Rates, Rules and Regulations proposed by the Chief Executive Officer and General Manager's Report and Recommendation on Open Access Transmission Tariff (Volume 1) dated March 20, 2025, substantially in the form set forth in **Attachment B** hereto.

Approved: June 4, 2025

INTRODUCED: DIRECTOR SANBORN				
SECONDED: DIRECTOR BUI-THOMPSON				
DIRECTOR	AYE	NO	ABSTAIN	ABSENT
FISHMAN	X			
ROSE	X			
BUI-THOMPSON	X			
HERBER	X			
KERTH	X			
TAMAYO	X			
SANBORN	X			



**RESOLUTION NO. \_\_\_\_\_**

**WHEREAS**, on March 20, 2025, the Chief Executive Officer and General Manager released the “Chief Executive Officer & General Manager's Report and Recommendation on Rates and Services, *Volumes 1 and 2*” (the CEO & GM Report), which is incorporated by reference herein; and

**WHEREAS**, by Resolution 25-03-03, adopted March 20, 2025, a public hearing on the CEO & GM Report was scheduled for June 4, 2025, at 6:00 p.m.; and

**WHEREAS**, notices of the hearing were duly published in the *Sacramento Bee* on March 27, April 2 and April 8, 2025; and

**WHEREAS**, pursuant to SMUD Ordinance No. 15-1, SMUD conducted the two required public workshops on April 30, 2025, and May 13, 2025, to receive and respond to customer comments and questions; and

**WHEREAS**, in compliance with Government Code Section 54999, SMUD sent 174 written notifications by certified mail on April 23, 2025, and April 24, 2025, describing the rate proposal to local school districts, county offices of education, community college districts, California State University, the University of California, and state agencies; and

**WHEREAS**, SMUD held two qualifying public workshops, contacted over 1,500 community organizations and neighborhood associations leaders via email, letter or phone call invitations to offer an in-person presentation, sent emails to over 271,000 customers and organizations, conducted over 40 individual presentations to community neighborhood and business organizations, over 1,100 community and business



partners were provided content and were asked to share information regarding the rate proposal with their members and networks, and an additional 53 local agency elected officials were sent information packets with an offer of in-person presentations, which resulted in no meetings being held; and

**WHEREAS**, SMUD provided all customers information about the rate proposal via email, mail newsletters, and through the rate change proposal website on [www.smud.org/RateInfo](http://www.smud.org/RateInfo), which received approximately 1,570-page views; and

**WHEREAS**, SMUD received from members of the public written questions, as well as comments and alternative recommendations to the rate changes proposed; and

**WHEREAS**, the public hearing was held on June 4, 2025, and was conducted in a hybrid format; on Zoom.gov and at SMUD Headquarters. All interested persons were given an opportunity to comment and submit testimony; and

**WHEREAS**, pursuant to SMUD Ordinance No. 15-1, this resolution was introduced on June 4, 2025 by this Board to be circulated for a minimum of ten calendar days for public review, input, and comment; and

**WHEREAS**, the CEO & GM Report set forth in detail the factors necessitating the proposed rate action, including the need to meet SMUD's financial targets in years 2026 and 2027, consisting of:

- Commodity costs are increasing by \$34 million over the next two years to ensure we can meet our electricity needs at all times and meet new state Renewables Portfolio Standard (RPS) requirements. SMUD is investing in clean energy resources like more wind, solar, geothermal,



battery storage to meet updated state requirements and keep the grid reliable and safe, while also supporting our 2030 Zero Carbon Plan goals; and

- Capital spending to support and maintain reliability while meeting the demands of a growing population and evolving energy needs. Because we borrow for a portion of our capital spending, the rate impact is based on the additional interest costs of the borrowing. Borrowing helps keep rate increases lower because it spreads the cost of the capital projects over many years. These projects include \$280 million for new generation and storage projects for RPS compliance, \$251 million for substation and line capacity projects to ensure reliability, and \$90 million for the Folsom Administrative Operations Building to support the delivery of reliable service to our region; and
- Increasing wildfire mitigation costs and inflation impacts are rising \$22 million. These expenditures are aimed at preventing and mitigating wildfires, as well as addressing the increased costs of essential materials and services due to higher inflation; and

**WHEREAS,** SMUD continues to use a risk-based approach to prioritize spending while looking to find ways to offset higher costs and ensure that the required rate increases stay within general inflation; and

**WHEREAS,** SMUD continues an Operational Excellence process to identify ways to deliver significant, sustainable savings and create permanent cost reductions and operational efficiencies, such as saving \$33 million in ongoing interest



savings from refunding our bonds with lower interest rates, refunding a commodity prepayment bond and forming a captive for insurance coverage; and

**WHEREAS**, it is necessary for SMUD to increase all rate components of its retail rates by 3% for all rates except for the proposed optional residential rate effective January 1, 2026, and 3% for all rates except for the proposed optional residential rate effective January 1, 2027, to continue to meet the objectives and metrics set forth in this Board's Strategic Directions; and

**WHEREAS**, the recommendations in the CEO & GM Report include a new optional residential rate, Time-of-Day (Low Use), designed for customers with small electrical panels and low energy usage. Most customers with panel sizes less than or equal to 125 amps that use less than approximately 465 kWh on average per month, use less of the grid than other customers. The Time-of-Day (Low Use) rate, effective June 20, 2025, offers a reduced System Infrastructure Fixed Charge (SIFC) of \$17 per month with higher per kilowatt-hour energy prices to make it revenue neutral. SMUD is offering this optional rate in its ongoing commitment to offering fair and equitable rates and providing customers flexibility and choices; and

**WHEREAS**, in order to keep the SIFC at \$17, it is necessary for SMUD to increase the energy usage charges of the proposed optional residential Time-of-Day (Low Use) rate by 3.88% effective January 1, 2026, and 3.85% effective January 1, 2027, which increases revenue the equivalent of a 3% increase on all rate components, and helps us continue to meet the objectives and metrics set forth in this Board's Strategic Directions; and



**WHEREAS**, the recommendations in the CEO & GM Report include modifying Rate Schedule Distribution Wheeling Service (DWS), effective June 20, 2025, to reflect the new updated rates as determined by the Open Access Transmission Tariff (OATT) rates; and

**WHEREAS**, the recommendations in the CEO & GM Report include modifying the language in the Standby Service Charge Section of Rate Schedules AG, CI-TOD1, CI-TOD2, CI-TOD3, CI-TOD4, R, and R-TOD to make the language consistent across all tariffs; and

**WHEREAS**, the recommendations in the CEO & GM Report include adding language to Rule 6 to clarify SMUD's current practice of transferring unpaid charges to a customer's active bill before involving a collection agency; and

**WHEREAS**, the recommendations in the CEO & GM Report include updating Rule 16 to make it consistent with current business practices by clarifying both SMUD's and the customer's responsibilities regarding who installs, owns, and maintains equipment. The recommendations also include removing Section XII. Service to Annexation Customers, as it is no longer relevant; and

**WHEREAS**, the recommendations in the CEO & GM Report, on balance, meet the competitive rate targets and the rate design metrics in Strategic Direction 2 (SD-2), Competitive Rates, including:

- The Board establishes a rate target of 18 percent below Pacific Gas & Electric Company's published rates on a system average basis. In addition, the Board establishes a rate target of at least 10 percent below PG&E's published rates for each customer class;



- SMUD's rates shall be competitive with other local utilities on a system average rate basis;
- In addition, SMUD's rates shall be designed to balance and achieve the following goals:
  - Reflect the cost of energy when it is used or exported to the SMUD grid;
  - Reduce consumption during periods of high system demand;
  - Encourage energy efficiency, conservation and carbon reduction;
  - Encourage cost effective and environmentally beneficial Distributed Energy Resources (DERs) (examples of DERs include but are not limited to rooftop solar, battery storage and energy reduction applications);
  - Minimize the rate of change in the transition from one rate design to another;
  - Provide customers flexibility and choices;
  - Be as simple and easy to understand as possible;
  - Address the needs of people with low incomes and severe medical conditions; and
  - Equitably allocate costs across and within customer classes; and

**WHEREAS**, the recommendations in the CEO & GM Report will ensure SMUD meets or exceeds the financial targets in Strategic Direction 3, Access to Credit Markets, and continues to meet the metrics and targets in the other Strategic Direction



adopted by this Board, including those addressing reliability, customer relations, environmental leadership, and resource planning; and

**WHEREAS**, the recommendations to increase all rate components of SMUD retail rates 3% on January 1, 2026 and 3% on January 1, 2027 for all customer classes, except for the Time-of-Day (Low Use) rate which increases the energy usage charges by 3.88% and 3.85%, respectively, with no rate increase to the SIFC, are made to reflect SMUD's cost increases of proportionate impact on all customer classes on average and therefore does not require an examination of the allocation of costs among customer classes or of class definitions; and

**WHEREAS**, SMUD proposes a new optional Time-of-Day (Low Use) rate for customers with a panel size of 125 amps or less to reflect the fact that such customers generally use less energy and the grid than those customers with larger panels. To ensure a 3% revenue increase, the energy usage charges will increase 3.88% on January 1, 2026 and 3.85% on January 1, 2027, while the SIFC will be set at a reduced \$17 per month with no annual rate increase. The proposed rate is revenue neutral, and therefore will remain tethered to cost-of-service principles, especially the reasonable allocation among customer classes. Because the rate was designed to follow cost-of-service principles and be revenue neutral, the proposed optional Time-of-Day (Low Use) rate does not violate Proposition 26; and

**WHEREAS**, the recommendation to update the distribution wheeling service charges by voltage, which just recovers the cost of distribution wheeling service and therefore does not violate Proposition 26; and



**WHEREAS**, this Board has carefully considered the CEO & GM Report public comment, input, and alternatives from community meetings, public rate workshops, the noticed public hearing, and comments received by mail, telephone and email; and

**WHEREAS**, this Board finds that the proposed action is reasonable and in the best interests of the public and SMUD's customers; **NOW, THEREFORE**,

**BE IT RESOLVED BY THE BOARD OF DIRECTORS  
OF SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

**Section 1. RATE INCREASE FOR RESIDENTIAL RATES:**

a. Effective January 1, 2026, adopt an increase in all rate components of residential service rates by 3%, except for the proposed Time-of-Day (Low Use) rate, which will have a rate increase of 3.88% on the electricity usage charges and no rate increase on the SIFC.

b. Effective January 1, 2027, adopt an increase in all rate components of residential service rates by 3%, except for the proposed Time-of-Day (Low Use) rate, which will have a rate increase of 3.85% on the electricity usage charges and no rate increase on the SIFC.

Prices in the tariffs may reflect minor rounding differences.

Revisions described above are detailed in the attached Rates, Rules and Regulations.

**Section 2. OPTIONAL RESIDENTIAL RATE:**

a. Effective June 20, 2025, add Subsection B to Section I in Rate Schedule R-TOD as follows:

*B. Optional Time-of-Day (Low Use) Rate (rate category RTL1)*



1. The Time-of-Day (Low Use) Rate is an optional rate for residential customers that use a low amount of energy. Customers must have a panel size less than or equal to 125 amps to be eligible for this rate. This optional rate will be available as of January 1, 2026.

2. This rate has five kilowatt-hour (kWh) prices, depending on the time of day and season as shown in Section V. Billing Periods along with the holidays.

b. Effective June 20, 2025, add Subsection B to Section II of Rate Schedule R-TOD to show the following prices for the Time-of-Day (Low Use) rate, which includes a lower SIFC of \$17 per month and higher electricity usage charges.

	Effective as of May 1, 2025	Effective as of January 1, 2026	Effective as of January 1, 2027
<b>Time-of-Day (Low Use) Rate (RTL1)</b>			
<b>Non-Summer Season (October - May)</b>			
System Infrastructure Fixed Charge per month per meter	n/a	\$17.00	\$17.00
Electricity Usage Charge			
Peak \$/kWh	n/a	\$0.2148	\$0.2231
Off-Peak \$/kWh	n/a	\$0.1654	\$0.1718
<b>Summer Season (June - September)</b>			
System Infrastructure Fixed Charge per month per meter	n/a	\$17.00	\$17.00
Electricity Usage Charge			
Peak \$/kWh	n/a	\$0.4154	\$0.4314
Mid-Peak \$/kWh	n/a	\$0.2514	\$0.2610
Off-Peak \$/kWh	n/a	\$0.1920	\$0.1993

c. Effective June 20, 2025, modify the title of Section II, Subsection C to include rate category RTL1.

Revisions described above are detailed in the attached Rates, Rules and Regulations

### **Section 3. RATE INCREASE FOR AGRICULTURAL AND COMMERCIAL & INDUSTRIAL RATES:**

a. Effective January 1, 2026, Commercial & Industrial Time-of-Day, General Service Temperature Dependent, Agricultural Service, updated Distribution



Wheeling Services, and Combined Heat & Power Distributed Generation rates (Rate Schedules AG, CHP, CI-TOD1, CI-TOD2, CI-TOD3, and CI-TOD4, DWS and GS-TDP) shall be increased by 3% through the following components:

- Electricity Usage Charges;
- System Infrastructure Fixed Charges;
- Summer Peak Demand Charges;
- Site Infrastructure Charges;
- Maximum Demand Charges;
- Standby Service Charges;
- Power Factor and other miscellaneous charges;
- Distribution Wheeling Charges;
- Reserved Capacity Charges/Rates.

b. Effective January 1, 2027, Commercial & Industrial Time-of-Day, General Service Temperature Dependent, Agricultural Service, Distribution Wheeling Service, and Combined Heat & Power Distributed Generation rates, (Rate Schedules AG, CHP, CI-TOD1, CI-TOD2, CI-TOD3, and CI-TOD4, DWS and GS-TDP) shall be increased by 3% through the following components:

- Electricity Usage Charges;
- System Infrastructure Fixed Charges;
- Summer Peak Demand Charges;
- Site Infrastructure Charges;
- Maximum Demand Charges;
- Standby Service Charges;



- Power Factor and other miscellaneous charges;
- Distribution Wheeling Charges;
- Reserved Capacity Charges/Rates.

Prices in the tariffs may reflect minor rounding differences.

Revisions described above are detailed in the attached Rates, Rules and Regulations.

#### **Section 4. RATE INCREASE FOR STREET/TRAFFIC/LIGHTING**

##### **RATES**

a. Effective January 1, 2026, Lighting Services (Rate Schedules SLS, TSS, TC ILS and NLGT) billing components shall be increased by 3%. The rate increases do not apply to monthly leasing and maintenance charges for street lighting lamps and fixtures, which are reviewed annually.

b. Effective January 1, 2027, Lighting Services (Rate Schedules SLS, TSS, TC ILS and NLGT) billing components shall be increased by 3%. The rate increases do not apply to monthly leasing and maintenance charges for street lighting lamps and fixtures, which are reviewed annually.

The prices in the tariff may reflect minor rounding differences.

Revisions described above are detailed in the attached Rates, Rules and Regulations.

#### **Section 5. MODIFICATIONS TO RATE SCHEDULE DWS:**

a. Effective June 20, 2025, modify the distribution wheeling service charges by voltage to reflect the increased cost of service, as follows:

<b>kV</b>	<b>2025 \$/kilowatt-month</b>
12/21	\$15.252
69	\$3.538



Revisions described above are detailed in the attached Rates, Rules and Regulations

**Section 6. MODIFICATION TO STANDBY SERVICE CHARGE**  
**LANGUAGE**

a. Effective June 20, 2025, update Section IV, Subsection A of Rate Schedule AG as follows:

*In addition to the Standby Service Charge, SMUD will continue to bill for all applicable charges under this rate schedule. ~~These charges include System Infrastructure Fixed Charges and Site Infrastructure Charges, as well as Electricity Usage and Maximum Demand Charges for SMUD-provided power.~~*

b. Effective June 20, 2025, update Section IV, Subsection D of Rate Schedule CI-TOD1 as follows:

*In addition to the Standby Service Charge, SMUD will continue to bill for all applicable charges under this rate schedule, ~~including, but not limited to, System Infrastructure Fixed Charges, Site Infrastructure Charges, Maximum Demand Charge, Summer Peak Demand Charges and electricity usage charges for SMUD-provided power.~~*

c. Effective June 20, 2025, update Section IV, Subsection D of Rate Schedule CI-TOD2 as follows:



*In addition to the Standby Service Charge, SMUD will continue to bill for all applicable charges under this rate schedule. ~~These charges include System Infrastructure Fixed Charges, Site Infrastructure Charges, Summer Peak Demand Charges, as well as electricity usage charges for SMUD-provided power.~~*

d. Effective June 20, 2025, update Section IV, Subsection D of Rate Schedule CI-TOD3 and CI-TOD4 as follows:

*In addition to the Standby Service Charge, SMUD will continue to bill for all applicable charges under this rate schedule, ~~including, but not limited to, System Infrastructure Fixed Charges, Site Infrastructure Charges, Summer Peak Demand Charges, and electricity usage charges for SMUD-provided power.~~*

e. Effective June 20, 2025, update Section IV, Subsection E of Rate Schedule R as follows:

*In addition to the Standby **Service** Charge, SMUD will continue to bill for all applicable charges under this rate **schedule**. ~~These charges include SIFC and electricity usage charges for SMUD-provided power.~~*

f. Effective June 20, 2025, update Section IV, Subsection D of Rate Schedule R-TOD as follows:

*In addition to the Standby Service Charge, SMUD will continue to bill for all applicable charges under **this rate schedule**. ~~the selected residential~~*



~~TOD rate. These charges include System Infrastructure Fixed Charges and electricity usage charges for SMUD-provided power. All energy provided to the customer by SMUD will be billed at the applicable residential TOD rates.~~

Revisions described above are detailed in the attached Rates, Rules and Regulations.

**Section 7. MODIFICATIONS TO RULE 6:**

a. Effective June 20, 2025, modify Section V of Rule and Regulation 6 as follows:

~~V. Payment of Delinquent Bills Required Before Service Is Supplied~~

**SMUD has the right to transfer a customer's unpaid charges for electric service to an active bill prior to being assigned to a collection agency.**

*Service may be refused or discontinued pursuant to Rule and Regulation 11 until all unpaid charges for electric service to applicant at all locations have been paid or have otherwise been discharged, or have been barred by the statute of limitations, except that residential service may not be refused or discontinued because of nonpayment of bills for other classes of service or nonelectric bill amounts.*

Revisions described above are detailed in the attached Rates, Rules and Regulations.



**Section 8. MODIFICATIONS TO RULE 16:**

a. Effective June 20, 2025, modify Section VI of Rule and Regulation 16 as follows:

*VI. Service at Secondary Voltage*

*A. Overhead Service*

*In those areas where it has been determined that SMUD will continue to serve its customer's overhead distribution and where SMUD's distribution pole line is located on a street, highway, lane, alley, road, or private easement immediately contiguous to the customer's premises, SMUD will, at its expense, furnish, ~~and~~ install, **and own** a service drop from its pole line to the nearest point of attachment to the customer's building or other permanent support provided by the customer, at a point to be approved by SMUD.*

*B. Underground Service*

*In designated underground areas, SMUD will connect to underground service runs furnished, ~~and~~ installed, **owned, and maintained** by the customer, at the customer's expense, at a service location specified by SMUD. Service run facilities shall include conductor to reach the service location, shall be subject to applicable City and County ordinances, and shall be subject to approval by SMUD as to design and specifications. No customer will be required to install facilities **they own and maintain***



beyond a location in the public utility right of way adjacent to their property. Cost recovery of underground distribution facilities within a development will conform to the provisions of section IV. of this Rule and Regulation.

b. Effective June 20, 2025, remove Section XII of Rule and Regulation

16:

~~XII. Service to Annexation Customers~~

~~SMUD will maintain existing service conductor previously installed by Pacific Gas and Electric Company to commercial/industrial services until such time as the customer modifies, alters, or changes the existing electrical service equipment. It will be the customer's responsibility to provide additional duct when necessary.~~

Revisions described above are detailed in the attached Rates, Rules and Regulations.

**Section 9. ALTERNATIVE RECOMMENDATION 1:** ~~To be added.~~

SMUD received a recommendation to charge residential customers for power factor to reduce cost shifting, with a power factor charge requiring better metering and leading to more equitable rates.

This Board has considered this alternative recommendation 1 and has determined not to adopt the alternative recommendation for the following reasons:

- The goal of SD-2 is to maintain competitive rates, and states SMUD's rates shall be designed to balance and achieve nine goals, including to be as simple and



easy to understand as possible. The widely accepted industry standard among electric utilities is utilizing kWh and kW as a measure of electricity sales and demand, respectively. Power factor is not typically used as a billing component for residential customers, and would be a new concept for customers to learn. Alternative recommendation 1 is complex and would be difficult to explain to residential customers. As such, it would not meet the SD-2 principle of being as simple and easy to understand as possible.

- Our commercial rate customers are already being assessed and charged a power factor adjustment or waiver, as they have more control over their power factor. The power factor charge is not standard for residential rate customers. It would require a significant amount of customer outreach to educate residential customers on what the power factor charge is and how it is assessed.
- Residential meters primarily measure active power in kW and do not generally record reactive power, or kVar. While we are in the process of upgrading approximately 150,000 meters that will have the capability of recording reactive power, this impacts less than one quarter of our residential customers. Charging only a fraction of our customers a power factor charge would not be fair or equitable to our customers and would violate SD-2 principles. Upgrading the remaining meters to include reactive power capability would require a significant investment, potentially leading to higher rates for our customers. Balancing the benefits of this technology with its financial impact is essential to maintaining affordable service.



- A lower power factor increases the demand for grid infrastructure to meet power needs, but addressing this on an individual residential customer level is impractical due to the small load each customer contributes. Instead, we improve low power factor issues at the distribution circuit level, which is far more efficient and less expensive than at individual customer meters. Customers generally lack control over the power factor of their appliances and equipment, and imposing individual charges would not enhance energy consumption, efficiency, or the use of distributed energy resources (DERs). Furthermore, this approach would limit customer flexibility and contradict our SD-2 principle of simplicity.
- Implementing a power factor charge would require a change in bill presentment and our billing system, along with a bill impact analysis which would require significant analysis and investment, potentially leading to higher rates for our customers.

**Section 10. ALTERNATIVE RECOMMENDATION 2:** SMUD received a recommendation to improve efficiency (loading order), implement better material resource planning by replacing its resource planning system, and create a standing committee for process improvement to receive a Deming Prize Award.

This Board considered this alternative recommendation 2 and has determined it is not relevant to the 2025 CEO & GM Report.

**Section 11. ALTERNATIVE RECOMMENDATION 3:** SMUD received a recommendation to raise rates one percent (1%) instead of three percent (3%).

This Board has considered this alternative recommendation 3 and has determined not to adopt the alternative recommendation for the following reasons:



- Maintaining a strong financial plan for years 2026 and 2027, and in the future, is critical. If we did not increase rates 3% as proposed, it would result in inadequate revenues for 2026 and 2027 to meet financial obligations.
- Among other things, this would reduce the ability to meet California's Renewables Portfolio Standard requirements, and add risk to SMUD's system reliability, which are key drivers of the rate increase.
- Not increasing rates as proposed, or even postponing the implementation of the proposed rate increases, would negatively impact SMUD's financial position by reducing net income, fixed charge ratio and days cash outstanding metrics. These financial metrics are monitored by the rating agencies. A degradation to SMUD's financial metrics could result in the rating agencies downgrading SMUD's credit rating, which would increase costs of borrowing which is needed to fund capital projects, and the increased borrowing costs would make future rate increases higher. The alternative recommendation would negatively impact future rate increases, as avoiding small rate increases now would result in a larger rate increase in the future given projections indicate that the cost of power and goods and services will be much higher than 1% for years 2026 and 2027. This would create significant bill impacts to all customers in the future.

**Section 12.** ALTERNATIVE RECOMMENDATION 4: SMUD received a recommendation to make the Solar and Storage Rate (SSR) export compensation vary by time-of-day time periods.

**Section 9.** This Board considered this alternative recommendation 4 and has determined it is not relevant to the 2025 CEO & GM Report.



~~Section 10.~~Section 13. MODIFICATIONS: The Chief Executive Officer and General Manager, or his or her designee, is authorized to make non-substantive revisions to the Rates, Rules and Regulations.

~~Section 11.~~Section 14. ENVIRONMENTAL COMPLIANCE:

1.0 Section 21080(b)(8) of the California Public Resources Code and Section 15273 of the California Environmental Quality Act (CEQA) Guidelines (California Code of Regulations, Title 14, Sections 15000, et seq.) provide that CEQA does not apply to the establishment, modification, structuring, restructuring, or approval of rates, tolls, fares, and other charges by public agencies which the public agency finds are for the purpose of:

- (1) Meeting operating expenses, including employee wage rates and fringe benefits;
- (2) Purchasing or leasing supplies, equipment, or materials;
- (3) Meeting financial reserve needs and requirements;
- (4) Obtaining funds for capital projects necessary to maintain service within existing service areas; or
- (5) Obtaining funds that are necessary to maintain such intra-city transfers as are authorized by city charter.

2.0 Section 15061(b) (3) of the CEQA Guidelines provides that where it can be said with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.



3.0 The proposed action to add an optional rate – TOD (Low Use) –, is for the purposes set forth in (1) through (4) of Section 1.0 of the Environmental Assessment. Therefore, this rate action is exempt from the requirements of CEQA.

4.0 The proposed actions to increase the residential, agricultural, commercial & industrial, and street/traffic/lighting rates, is for the purposes set forth in (1) through (4) of Section 1.0 of the Environmental Assessment. Therefore, this rate action is exempt from the requirements of CEQA.

5.0 The proposed action to modify the distribution wheeling service charges under Rate Schedule DWS, is for the purposes set forth in (1) through (4) of Section 1.0 of the Environmental Assessment. Therefore, this rate action is exempt from the requirements of CEQA.

6.0 The proposed action to modify the Standby Service Charge language, is for the purposes set forth in (1) through (4) of Section 1.0 of the Environmental Assessment. Therefore, this rate action is exempt from the requirements of CEQA.

7.0 The proposed action to modify Rule 6 regarding the recovery of unpaid charges, is for the purposes set forth in (1) through (4) of Section 1.0 of the Environmental Assessment. Therefore, this rate action is exempt from the requirements of CEQA.

8.0 The proposed action to modify Rule 16 to clarify responsibilities for certain equipment, is for the purposes set forth in (1) through (4) of Section 1.0 of the Environmental Assessment. Therefore, this rate action is exempt from the requirements of CEQA.



~~Section 12.~~Section 15. The new and revised Rate Schedules and Rules and Regulations referenced in this Resolution are attached and incorporated herein as **Attachment \_\_\_\_**.

~~Section 13.~~Section 16. To the extent there is a discrepancy between this Resolution and the new and revised Rate Schedules and Rules and Regulations attached hereto, the new and revised Rate Schedules and Rules and Regulations shall control.



The following listed sheets contain all effective rates, rules and regulations affecting rates and service, and information relating thereto, in effect on and after the date indicated. All rates are applicable to the territory served by SMUD.

	<u>Effective Date</u>	<u>Sheet Number</u>	<u>Page Number</u>
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AG Agricultural .....	June 20, 2025	AG-1-6	1
CHP Combined Heat & Power Distributed Generation .....	June 20, 2025	CHP-1-3	7
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CI-TOD2 Commercial & Industrial Time-of-Day .....	June 20, 2025	CI-TOD2-1-6	17
CI-TOD3 Commercial & Industrial Time-of-Day .....	June 20, 2025	CI-TOD3-1-6	23
CI-TOD4 Commercial & Industrial Time-of-Day .....	June 20, 2025	CI-TOD4-1-6	29
DWS Distribution Wheeling Service .....	June 20, 2025	DWS-1-2	35
GS-TDP General Service Temperature Dependent Pricing and Economic Retention .....	June 20, 2025	GS-TDP-1-4	37
NLGT Outdoor Lighting Service .....	June 20, 2025	NLGT-1-2	41
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TC ILS Traffic Control – Intersection Lighting Service .....	June 20, 2025	TC ILS-1	56
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6 Billing, Payment of Bills, and Credit .....	June 20, 2025	06-1-3	58
16 Extension of Facilities to Nonresidential Premises .....	June 20, 2025	16-1-3	61



# Preliminary Statement

## **Territory Served by SMUD**

SMUD supplies electric service in most of Sacramento County and in a portion of Placer County.

## **Description of Service**

A description of service available is contained in SMUD's Rule and Regulation 2.

The service available at any particular location should be ascertained by inquiry at SMUD's Customer Services Department office at 6301 S Street, Sacramento.

## **Procedure to Obtain Service**

Any person or corporation whose premises are within the outer boundaries of SMUD may obtain service by applying for service at the Customer Services Department office establishing credit as hereinafter set forth and complying with SMUD's rules and regulations. Where an extension of SMUD's lines is necessary or whenever unusual service requirements are determined, applicant will be informed as to the conditions under which service will be supplied.

## **Establishment of Credit and Deposits**

After making proper application for electric service, it will be necessary for applicant to establish their credit in accordance with Rule and Regulation 6.

## **General**

### **1. MEASUREMENT OF ELECTRIC ENERGY**

All electric energy supplied by SMUD to its customers shall be measured by means of suitable standard electric meters, except as otherwise specifically provided in SMUD's Rules and Regulations.

### **2. DISCOUNTS**

All rates hereinafter listed are net rates and are not subject to discount unless specifically stated in the Rates.



# Agricultural Service Rate Schedule AG

## I. Applicability

This Rate Schedule AG applies to single- or three-phase nonresidential agricultural service, delivered at standard voltages designated by SMUD as available at the customer's premises. The electricity must be for pumping loads where a preponderance of the load is devoted to agricultural purposes such as farm lighting, feed choppers, milking machines, heating for incubators, brooders, and other farm uses; drainage pumping loads where a preponderance of the area drained is agricultural; and irrigation pumping loads for nonagricultural purposes where the entire loads, except for minor incidental uses, are devoted to such pumping.

This schedule is mandatory for agricultural accounts with monthly maximum demand that does not exceed 499 kW for three or more consecutive months. The demand for any month will be the maximum 15-minute kW delivery during the month.

For the purposes of this schedule a "month" is considered to be a single billing period of 27 to 34 days.

## II. Firm Service Rate

### A. Small Agricultural Service, Nondemand Rates – ASN

This rate applies to agricultural accounts having a monthly maximum demand of 30 kW or less. If the account does not have a meter that registers demand, and monthly usage is at least 12,000 kWh for three consecutive months, a demand meter will be installed. Whenever monthly maximum demand exceeds 30 kW for three consecutive months, the customer will be billed on the applicable demand rate. To return to the nondemand rate, the account's monthly maximum demand must fall below 31 kW and usage must be below 12,000 kWh for 12 consecutive months.

	Effective as of May 1, 2025	Effective as of January 1, 2026	Effective as of January 1, 2027
<b>ASN</b>			
<b>Winter Season</b> (November - April)			
<b>System Infrastructure Fixed Charge</b> <i>per month per meter</i>	\$14.30	\$14.75	\$15.20
<b>Electricity Usage Charge</b>			
All day <i>\$/kWh</i>	\$0.1592	\$0.1640	\$0.1689
<b>Summer Season</b> (May - October)			
<b>System Infrastructure Fixed Charge</b> <i>per month per meter</i>	\$14.30	\$14.75	\$15.20
<b>Electricity Usage Charge</b>			
All day <i>\$/kWh</i>	\$0.1743	\$0.1795	\$0.1849



# Agricultural Service Rate Schedule AG

## B. Large Agricultural Service, Demand Rates – ASD

This rate applies to agricultural accounts having a monthly maximum demand greater than 30 kW but less than 499 kW for three consecutive months. The demand for any month will be the maximum 15-minute kW delivery during the month. The customer will be billed on the demand-metered rate until the demand falls below 31 kW and energy is less than 12,000 kWh for 12 consecutive months before being returned to the ASN Rate.

	Effective as of May 1, 2025	Effective as of January 1, 2026	Effective as of January 1, 2027
<b>ASD</b>			
<b>Winter Season</b> (November - April)			
<b>System Infrastructure Fixed Charge</b> <i>per month per meter</i>	\$33.20	\$34.20	\$35.20
<b>Site Infrastructure Charge</b> <i>per 12 months max kW or contract capacity</i>			
First 30kW	No Charge	No Charge	No Charge
Additional kW per month	\$3.289	\$3.388	\$3.489
<b>Electricity Usage Charge</b>			
Base Usage <i>8,750 kWh per month</i>	\$0.1761	\$0.1814	\$0.1868
Base Usage Plus <i>kWh over 8,750 per month</i>	\$0.1382	\$0.1424	\$0.1467
<b>Summer Season</b> (May - October)			
<b>System Infrastructure Fixed Charge</b> <i>per month per meter</i>	\$33.20	\$34.20	\$35.20
<b>Site Infrastructure Charge</b> <i>per 12 months max kW or contract capacity</i>			
First 30kW	No Charge	No Charge	No Charge
Additional kW per month	\$3.289	\$3.388	\$3.489
<b>Electricity Usage Charge</b>			
Base Usage <i>8,750 kWh per month</i>	\$0.1688	\$0.1738	\$0.1790
Base Usage Plus <i>kWh over 8,750 per month</i>	\$0.1221	\$0.1258	\$0.1296

## C. Small Agricultural Optional Time-of-Day – AON

This optional rate is for small agricultural accounts having a monthly maximum demand of 30 kW or less. Customers transferring to the small agricultural Time-of-Day Rate must remain on the rate for a minimum of four months. Customers electing to move off this optional rate cannot return to service under this schedule for 12 months.

	Effective as of May 1, 2025	Effective as of January 1, 2026	Effective as of January 1, 2027
<b>AON</b>			
<b>Winter Season</b> (November - April)			
<b>System Infrastructure Fixed Charge</b> <i>per month per meter</i>	\$19.25	\$19.85	\$20.45
<b>Electricity Usage Charge</b>			
On-peak <i>\$/kWh</i>	\$0.1829	\$0.1884	\$0.1940
Off-peak <i>\$/kWh</i>	\$0.1560	\$0.1607	\$0.1655
<b>Summer Season</b> (May - October)			
<b>System Infrastructure Fixed Charge</b> <i>per month per meter</i>	\$19.25	\$19.85	\$20.45
<b>Electricity Usage Charge</b>			
On-peak <i>\$/kWh</i>	\$0.2652	\$0.2732	\$0.2814
Off-peak <i>\$/kWh</i>	\$0.1425	\$0.1468	\$0.1512



# Agricultural Service Rate Schedule AG

## D. Large Agricultural Optional Time-of-Day – AOD

This optional rate is for large agricultural accounts with demand greater than 30 kW and less than 499 kW. Customers transferring to the agricultural Time-of-Day Rate must remain on the rate for a minimum of four months. Customers electing to move off this optional rate cannot return to service under this schedule for 12 months.

	Effective as of May 1, 2025	Effective as of January 1, 2026	Effective as of January 1, 2027
<b>AOD</b>			
<b>Winter Season (November - April)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	\$115.70	\$119.15	\$122.75
Maximum Demand Charge <i>\$ per monthly max kW</i>	\$3.277	\$3.375	\$3.477
<b>Electricity Usage Charge</b>			
On-peak <i>\$/kWh</i>	\$0.1821	\$0.1876	\$0.1932
Off-peak <i>\$/kWh</i>	\$0.1547	\$0.1593	\$0.1641
<b>Summer Season (May - October)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	\$115.70	\$119.15	\$122.75
Maximum Demand Charge <i>\$ per monthly max kW</i>	\$4.581	\$4.718	\$4.860
<b>Electricity Usage Charge</b>			
On-peak <i>\$/kWh</i>	\$0.2818	\$0.2903	\$0.2990
Off-peak <i>\$/kWh</i>	\$0.1502	\$0.1547	\$0.1593

## III. Electricity Usage Surcharges

Refer to the following rate schedules for details on these surcharges:

A. **Hydro Generation Adjustment (HGA).** Refer to Rate Schedule HGA.

## IV. Rate Option Menu

### A. Standby Service Option

Standby Service applies when all of the following conditions are met:

1. The customer has generation, sited on the customer's premises, that serves all or part of the customer's load; and
2. The generator(s) are connected to SMUD's electrical system; and
3. SMUD is required to have resources available to provide supplemental service, backup electricity and/or to supply electricity during generator(s) maintenance service.

Standby Service Charge by Voltage Level (\$/kW of Contract Capacity per month)	Secondary	Primary	Subtransmission
Effective May 1, 2025	\$8.597	\$6.832	\$3.451
Effective January 1, 2026	\$8.855	\$7.037	\$3.555
Effective January 1, 2027	\$9.121	\$7.248	\$3.661

In addition to the Standby Service Charge, SMUD will continue to bill for all applicable charges under this rate schedule.

The Standby Service Charge will be waived only for qualifying renewable generation under Rate Schedules NEM1 and SSR. The Standby Service Charge applies to customers who install, interconnect, and operate their own electrical generation facility and equipment to self-supply all their own power needs as a microgrid service, where SMUD provides only backup electricity.



## Agricultural Service Rate Schedule AG

**B. Customer Energy Generation Options.** Refer to Rate Schedules NEM1 and SSR.

**C. SMUD Renewable Energy Option**

SMUD offers optional programs that allow customers to receive renewable energy for an additional charge, detailed on [www.smud.org](http://www.smud.org).

**D. Special Metering Charge**

For customers who purchase and install additional equipment and software identified by SMUD meter specialists as necessary for load data collection and transfer to electronic media outside SMUD, SMUD will charge a monthly service fee to cover maintenance, software support and licensing fees. Payment for this nonstandard equipment and service will be made through provisions in Rule and Regulation 2, Section IV. Special Facilities. The fee schedule is available at SMUD's website, [www.smud.org](http://www.smud.org).

### **V. Conditions of Service**

**A. Type of Electric Service**

SMUD will provide customers on this rate schedule standard, firm service consisting of a continuous and sufficient supply of electricity.

**B. Distribution Service Voltage Definition**

The following defines the three voltage classes available. The rate shall be determined by the voltage level at which service is taken according to the following:

*1. Secondary Service Voltage*

This service class provides power at voltage levels below 12 kilo-Volts (kV), or at a level not otherwise defined as "Primary" or "Subtransmission."

*2. Primary Service Voltage*

This service class provides power at a voltage level of 12 kV or 21 kV. To be eligible for Primary Service Voltage, the customer's monthly demand must exceed 299 kW, the voltage must be available in the area being served, and SMUD must approve the arrangement for power provision.

*3. Subtransmission Service Voltage*

This subtransmission service class provides power at a voltage level of 69 kV or as otherwise defined by SMUD. To be eligible for voltage service at this level, the customer's monthly demand must exceed 499 kW, the voltage must be available in the area being served, and SMUD must approve the arrangement for power provision.



# Agricultural Service Rate Schedule AG

## C. Power Factor Adjustment

### 1. Adjustment (charge per month varies)

Accounts on a demand rate may be subject to a power factor (PF) adjustment charge. When a customer's monthly power factor falls below 95 percent leading or lagging, the following billing adjustment will apply:

$$\text{Electricity Usage} \times [ (95\% \div \text{Power Factor}) - 1 ] \times \text{Power Factor Adjustment Rate}$$

*Electricity Usage: the total monthly kWh for the account*

*Power Factor: the lesser of the customer's monthly power factor or 95 percent*

*Power Factor Adjustment Rate per excess KVAR*

Effective May 1, 2025	\$0.0142
Effective January 1, 2026	\$0.0146
Effective January 1, 2027	\$0.0151

### 2. Waiver Contract (charge per month is set for the term of the waiver)

Customers may apply for a power factor waiver contract that compensates SMUD for the power factor correction for the portion that is covered under the contract. The power factor waiver is not available to customers taking service at the subtransmission service voltage level. The waiver amount per month is calculated:

$$\text{Excess KVAR} \times \text{Waiver Rate}$$

*Excess KVAR: Maximum 12-month KVAR in excess of 32.868 percent of kW*

*Waiver Rate per excess KVAR*

Effective May 1, 2025	\$0.3759
Effective January 1, 2026	\$0.3872
Effective January 1, 2027	\$0.3988

## VI. Billing Periods

### A. Time-of-Day Billing Periods

Winter season is from November 1 through April 30. Summer season is from May 1 through October 31.

<b>Winter On-Peak</b>	Weekdays between 7:00 a.m. and 10:00 a.m. and 5:00 p.m. and 8:00 p.m.
<b>Summer On-Peak</b>	Weekdays between 2:00 p.m. and 8:00 p.m.
<b>Off-Peak</b>	All other hours, including holidays shown below.



# Agricultural Service Rate Schedule AG

Off-peak pricing shall apply during the following holidays:

<u>Holiday</u>	<u>Month</u>	<u>Date</u>
New Year's Day	January	1
Martin Luther King Jr. Day	January	Third Monday
Presidents Day	February	Third Monday
Memorial Day	May	Last Monday
Juneteenth National Independence Day	June	19
Independence Day	July	4
Labor Day	September	First Monday
Indigenous Peoples' Day/Columbus Day	October	Second Monday
Veterans Day	November	11
Thanksgiving Day	November	Fourth Thursday
Christmas Day	December	25

## VII. Billing

### A. Meter Data

Meter data for service rendered in accordance with this rate will not be combined for billing purposes unless SMUD determines it is necessary or convenient to do so.

### B. Proration of Charges

Charges are prorated when the billing period is less than 27 days, more than 34 days or spans more than one price. The Electricity Usage allowances, System Infrastructure Fixed Charge, Maximum Demand Charge and Site Infrastructure Charge will be prorated as shown in the following table.

Billing Circumstance	Basis for Proration
Bill period is shorter than 27 days	Relationship between the length of the billing period and 30 days.
Bill period is longer than 34 days	
Price changes within bill period	Relationship between the length of the billing period and the number of days that fall within the respective pricing periods.

### C. Contract Capacity

Use of Contract Capacity for billing is at SMUD's sole discretion. Refer to Rule and Regulation 1 and Rule and Regulation 6.

### D. Discontinuance of Service

Any customer resuming service at the same premises within 12 months after discontinuing service will be required to pay the System Infrastructure Fixed Charges and Site Infrastructure Charges that would have been billed if service had not been discontinued, except when service has been disconnected. The System Infrastructure Fixed Charge and Site Infrastructure Charge will be waived during each of those months. Retroactive billing shall be at SMUD's sole discretion.

(End)



# Combined Heat and Power (CHP) Distributed Generation Rate Schedule CHP

## I. Applicability

This Rate Schedule CHP is optional for customers who wish to sell all excess generation to SMUD from an eligible Combined Heat and Power (CHP) generation facility with a capacity of 3 MW or less operating in parallel with SMUD's distribution system, or with a capacity of 20 MW or less operating in parallel with SMUD's subtransmission system. The facility must continuously meet the qualifications in Section IV General Conditions. This schedule applies solely to the excess generation delivered to SMUD.

## II. Pricing Structure

Under this schedule, SMUD will pay the customer the applicable price for metered energy delivered by the eligible CHP facility during the time periods specified in this schedule.

### A. Excess Generation Prices

The CHP excess generation prices will be posted at SMUD's website, [www.smud.org](http://www.smud.org). Prices will be differentiated by delivery voltage, season and time-of-day. CHP excess generation prices will be reset each January 1 and apply for that calendar year to all CHP excess generation delivered to SMUD, regardless of the date of the CHP commissioning and interconnection to SMUD's system, or the effective date of the Power Purchase Agreement (PPA) and Interconnection Agreement.

The CHP excess generation prices reflect SMUD's underlying avoided costs for procurement and delivery of comparable power during the specified terms and time periods. The avoided cost is made up of the following components:

- Market Energy Price
- Losses by voltage level
- Transmission and Distribution

SMUD will typically pay for CHP excess generation based on the voltage at the point of delivery to the SMUD system. However, to the extent that SMUD must step up the excess generation to a higher voltage level in order to serve its customers, the pricing for the excess CHP generation will be based on the higher voltage level.

### B. Time-of-Delivery Periods

Season	Months	Super Peak	On Peak	Off Peak
Summer	June - Sept	2:00 to 8:00 p.m. Mon – Sat except holidays	6:00 a.m. to 2:00 p.m. & 8:00 p.m. to 10:00 p.m. Mon - Sat except holidays	All other hours
Fall & Winter	Oct - Feb			
Spring	Mar - May			

Off-peak pricing shall apply during the following holidays:

Holiday	Month	Date
New Year's Day	January	1
Memorial Day	May	Last Monday
Independence Day	July	4
Labor Day	September	First Monday
Thanksgiving Day	November	Fourth Thursday
Christmas Day	December	25



# Combined Heat and Power (CHP) Distributed Generation Rate Schedule CHP

## III. Charges

### A. Reserved Capacity Charge

The customer shall pay a monthly Reserved Capacity Charge to compensate SMUD for standing ready to supply supplemental service, backup electricity, and other services/electricity during interruptions in the CHP facility's operation. The Reserved Capacity Charge is based on the greater of the following:

- The customer's Maximum Anticipated Demand or actual monthly demand, if higher, multiplied by the Reserved Capacity Rate per kW shown below; or
- The Generator Installed Capacity of the CHP facility multiplied by the Reserved Capacity Rate per kW shown below.

Reserved Capacity Rate <i>per kW</i>	Secondary	Primary	Subtransmission
Effective May 1, 2025	\$8.274	\$8.274	\$7.951
Effective January 1, 2026	\$8.522	\$8.522	\$8.190
Effective January 1, 2027	\$8.778	\$8.778	\$8.435

#### 1. Maximum Anticipated Demand

The initial maximum anticipated demand will be the customer's maximum monthly demand in the prior 18 months at the time the PPA is executed.

#### 2. Generator Installed Capacity

The Generator Installed Capacity of the facility will be set forth in the PPA.

#### 3. Reset of Reserved Capacity Basis

If, at any time, the customer's actual monthly demand exceeds the Generator Installed Capacity of the CHP facility, the demand used to calculate the Reserved Capacity Charge will be reset to use the newly established demand as the basis for the charge.

### B. Data Communications Charges

The customer shall be responsible for procuring and maintaining any communication link required by SMUD for retrieving meter data. Ongoing data communication charges paid by SMUD on behalf of the customer will be passed through to the customer and will appear on the customer's monthly SMUD bill.

### C. Other Charges

SMUD will continue to bill for all appropriate charges under the applicable rate schedule for SMUD supplied power to the customer. These charges include without limitation System Infrastructure Fixed Charge, Electricity Usage charges, surcharges, and taxes. Site Infrastructure Charges and Summer Peak Demand Charges are applicable if the sum of these two charges is greater than the Reserved Capacity Charge. Each month, the Reserved Capacity Charge will be compared to the sum of the Site Infrastructure Charge plus any Summer Peak Demand Charge. On the monthly bill, the customer will be charged the greater of the two calculations, but not both. The monthly bill will also include applicable metering and data communications charges.



# Combined Heat and Power (CHP) Distributed Generation Rate Schedule CHP

## IV. Conditions of Service

### A. Eligible CHP Facility

To be eligible for this schedule, the CHP facility shall maintain without interruption certification by the California Energy Commission (CEC) as outlined in the CEC's "Guidelines for Certification of Combined Heat and Power Systems Pursuant to the Waste Heat and Carbon Emissions Reduction Act - Public Utilities Code, Section 2840 *Et Seq.*" CHP systems placed into operation before January 1, 2008 are not eligible for this schedule.

### B. Territory

The CHP facility must be located entirely within SMUD's service territory.

### C. Required Contract

An eligible CHP facility operating under this schedule shall execute a Power Purchase Agreement (PPA) with SMUD. The PPA shall be offered for contract durations of up to 10 years at the option of the customer.

### D. Participation in Other SMUD Programs

An eligible CHP facility operating under this schedule may not also obtain benefits for the same facility from any of the following:

1. A separate contract with SMUD for deliveries from the same facility; or
2. Incentives from SMUD under customer programs implemented in compliance with SB1 requirements or similar program; or
3. The net metering option for energy deliveries from the same facility.

### E. Electrical Interconnection

An eligible CHP facility under this schedule shall be interconnected within SMUD's service territory and shall be required to comply with SMUD's Rule and Regulation 21 process for interconnection and execute an Interconnection Agreement with SMUD. Facilities not meeting the Rule and Regulation 21 requirements will **not** be eligible for service. Any costs for system upgrades and facilities required for interconnection are the responsibility of the customer.

### F. Metering Requirements

The eligible CHP facility operating under this schedule shall comply with all applicable rules in installing, at the customer's expense, a bi-directional time-of-use meter appropriate for excess sale agreements, that can be read daily by electronic means acceptable to SMUD. SMUD will pay for and install a gross output meter to measure the generator output and provide for SMUD data requirements. The customer shall provide and pay for the meter socket and cabinet, and all required current transformers and potential transformers.

### G. Energy and Green Attributes

The customer shall, in accordance with the terms and conditions of the PPA, provide and convey to SMUD excess energy produced by the eligible CHP facility net of all station use and any and all site host load. Such conveyance shall include all related Green Attributes.

(End)



# Commercial & Industrial Time-of-Day Rate Schedule CI-TOD1

## I. Applicability

This Rate Schedule CI-TOD1 applies to single- or three-phase service delivered at standard voltages designated by SMUD as available at the customer's premises. This schedule includes the standard rates for all commercial and industrial (C&I) accounts with monthly maximum demand that does not exceed 299 kW for three or more consecutive months. Commercial & Industrial Time-of-Day customers include commercial and nonagricultural irrigation pumping accounts. This schedule also applies to Commercial & Industrial Time-of-Day accounts with contract capacity of 299 kW or less. The demand for any month shall be the maximum 15-minute kW delivery during the month.

For the purposes of this schedule a "month" is considered to be a single billing period of 27 to 34 days.

### A. C&I Secondary 0-20 kW (rate category CITS-0)

These rates apply to Commercial & Industrial Time-of-Day accounts with a monthly maximum demand of 20 kW or less. Whenever the monthly maximum demand exceeds 20 kW for *any* three consecutive months and the monthly energy usage is at least 7,300 kWh for *any* three consecutive months within a 12-month period, the account will be billed on the applicable rate. To return to the CITS-0 rate, the monthly maximum demand must be 20 kW or less for 12-consecutive months or the usage must be less than 7,300 kWh for 12 consecutive months.

### B. Small Nondemand, Nonmetered Service (rate category GFN)

This rate applies to Commercial & Industrial accounts where an account's monthly consumption of electricity is consistently small or can be predetermined with reasonable accuracy by reference to the capacity of equipment served and the hours of operation, SMUD, at its discretion, and with the customer's consent, will calculate electricity consumed in lieu of providing metering equipment.

### C. C&I Secondary 21-299 kW (rate category CITS-1)

These rates apply to Commercial & Industrial Time-of-Day accounts with a monthly maximum demand of at least 21 kW but does not exceed 299 kW for *any* three consecutive months **and** monthly energy usage of at least 7,300 kWh for *any* three consecutive months within a 12-month period. The customer will be billed on this rate unless the monthly usage is less than 7,300 kWh for 12 consecutive months; or the maximum demand falls below 21 kW for 12 consecutive months; or the monthly maximum demand exceeds 299 kW for three consecutive months.



# Commercial & Industrial Time-of-Day Rate Schedule CI-TOD1

## II. Firm Service Rates

### A. Commercial & Industrial Time-of-Day Rates

	Effective as of May 1, 2025	Effective as of January 1, 2026	Effective as of January 1, 2027
<b>CITS-0: C&amp;I Secondary 0-20 kW</b>			
<b>Non-Summer Season (October - May)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	\$40.30	\$42.00	\$43.85
Maximum Demand Charge <i>\$ per monthly max kW</i>	\$1.546	\$2.389	\$3.281
Electricity Usage Charge			
Peak <i>\$/kWh</i>	\$0.1532	\$0.1540	\$0.1546
Off-Peak <i>\$/kWh</i>	\$0.1377	\$0.1346	\$0.1312
Off-Peak Saver <i>\$/kWh</i>	\$0.1295	\$0.1244	\$0.1186
<b>Summer Season (June - September)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	\$40.30	\$42.00	\$43.85
Maximum Demand Charge <i>\$ per monthly max kW</i>	\$1.546	\$2.389	\$3.281
Electricity Usage Charge			
Peak <i>\$/kWh</i>	\$0.3049	\$0.3246	\$0.3449
Off-Peak <i>\$/kWh</i>	\$0.1448	\$0.1465	\$0.1482
<b>CITS-1: C&amp;I Secondary 21-299 kW</b>			
<b>Non-Summer Season (October - May)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	\$326.05	\$412.90	\$502.85
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$6.993	\$6.454	\$5.876
Electricity Usage Charge			
Peak <i>\$/kWh</i>	\$0.1412	\$0.1477	\$0.1546
Off-Peak <i>\$/kWh</i>	\$0.1248	\$0.1264	\$0.1280
Off-Peak Saver <i>\$/kWh</i>	\$0.0958	\$0.0888	\$0.0817
<b>Summer Season (June - September)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	\$326.05	\$412.90	\$502.85
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$6.993	\$6.454	\$5.876
Summer Peak Demand Charge <i>\$ per monthly Peak max kW</i>	\$7.732	\$9.960	\$12.316
Electricity Usage Charge			
Peak <i>\$/kWh</i>	\$0.2252	\$0.2341	\$0.2433
Off-Peak <i>\$/kWh</i>	\$0.1203	\$0.1215	\$0.1227

Commercial rates beyond 2027 are effective as shown in Section VIII. Transition Schedule.

### B. GFN Rates

	Effective as of May 1, 2025	Effective as of January 1, 2026	Effective as of January 1, 2027
<b>GFN</b>			
<b>All Year</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	\$11.70	\$12.05	\$12.40
Electricity Usage Charge			
All day <i>\$/kWh</i>	\$0.1715	\$0.1766	\$0.1819



## Commercial & Industrial Time-of-Day Rate Schedule CI-TOD1

### III. Electricity Usage Surcharges

Refer to the following rate schedules for details on these surcharges:

**A. Hydro Generation Adjustment (HGA).** Refer to Rate Schedule HGA.

### IV. Rate Option Menu

**A. Energy Assistance Program Rate for Nonprofit Agencies.** Refer to Rate Schedule EAPR.

**B. Campus Billing.** Refer to Rate Schedule CB.

**C. Implementation of Energy Efficiency Program or Installation of New Solar Photovoltaic or Storage Systems**

Customers who implement a SMUD-sponsored Energy Efficiency program or who install a SMUD-approved solar/photovoltaic or storage system to offset their on-site energy usage may request, in writing, within 30 days of the project completion and commissioning, an adjustment to their twelve month maximum demand based on the anticipated reduction in kW from the Energy Efficiency Project Worksheet. The adjusted twelve month maximum demand is valid for 12 months or until it is exceeded by actual maximum demand.

**D. Standby Service Option**

Standby Service applies when the following conditions are met:

1. The customer has generation, sited on the customer's premises, that serves all or part of the customer's load; and
2. The generator(s) are connected to SMUD's electrical system; and
3. SMUD is required to have resources available to provide supplemental service, backup electricity and/or to supply electricity during generator(s) maintenance service.

Standby Service Charge by Voltage Level (\$/kW of Contract Capacity per month)	Secondary	Primary	Subtransmission
Effective May 1, 2025	\$8.597	\$6.832	\$3.451
Effective January 1, 2026	\$8.855	\$7.037	\$3.555
Effective January 1, 2027	\$9.121	\$7.248	\$3.661

In addition to the Standby Service Charge, SMUD will continue to bill for all applicable charges under this rate schedule.

The Standby Service Charge will be waived only for qualifying renewable generation under Rate Schedules NEM1 and SSR. The Standby Service Charge applies to customers who install, interconnect, and operate their own electrical generation facility and equipment to self-supply all their own power needs as a microgrid service, where SMUD provides only backup electricity.

**E. Customer Energy Generation Options.** Refer to Rate Schedules NEM1 and SSR.

**F. SMUD Renewable Energy Options**

SMUD offers optional programs that allow customers to receive renewable energy for an additional charge, detailed on [www.smud.org](http://www.smud.org).

**G. Special Metering Charge**

For customers who purchase and install additional equipment and software identified by SMUD meter specialists as necessary for load data collection and transfer to electronic media outside SMUD, SMUD will charge a monthly service fee to cover maintenance, software support and licensing fees. Payment for this nonstandard equipment and service will be made through provisions in Rule and Regulation 2, Section IV. Special Facilities. The fee schedule is available at SMUD's website, [www.smud.org](http://www.smud.org).



# Commercial & Industrial Time-of-Day Rate Schedule CI-TOD1

## V. Conditions of Service

### A. Type of Electric Service

SMUD will provide customers on this rate schedule standard, firm service consisting of a continuous and sufficient supply of electricity.

### B. Distribution Service Voltage Definition

The following defines the three voltage classes available. The rate will be determined by the voltage level at which service is provided according to the following:

#### 1. Secondary Service Voltage

This service class provides power at voltage levels below 12 kilo-Volts (kV), or at a level not otherwise defined as “Primary” or “Subtransmission.”

#### 2. Primary Service Voltage

This service class provides power at a voltage level of 12 kV or 21 kV. To be eligible for Primary Service Voltage, the customer’s monthly demand must exceed 299 kW, the voltage must be available in the area being served, and SMUD must approve the arrangement for power provision.

#### 3. Subtransmission Service Voltage

This subtransmission service class provides power at a voltage level of 69 kV or as otherwise defined by SMUD. To be eligible for voltage service at this level, the customer’s monthly demand must exceed 499 kW, the voltage must be available in the area being served, and SMUD must approve the arrangement for power provision.

### C. Power Factor Adjustment or Waiver

#### 1. Adjustment (charge per month varies)

Accounts on a demand rate may be subject to a power factor (PF) adjustment charge. When a customer’s monthly power factor falls below 95 percent leading or lagging, the following billing adjustment will apply:

$$\text{Electricity Usage} \times [ (95\% \div \text{Power Factor}) - 1 ] \times \text{Power Factor Adjustment Rate}$$

*Electricity Usage: the total monthly kWh for the account*

*Power Factor: the lesser of the customer’s monthly power factor or 95 percent*

*Power Factor Adjustment Rate per excess KVAR*

Effective May 1, 2025	\$0.0142
Effective January 1, 2026	\$0.0146
Effective January 1, 2027	\$0.0151



## Commercial & Industrial Time-of-Day Rate Schedule CI-TOD1

### 2. Waiver Contract (charge per month is set for the term of the waiver)

Customers may apply for a power factor waiver contract that compensates SMUD for the power factor correction for the portion that is covered under the contract. The power factor waiver is not available to customers taking service at the subtransmission service voltage level. The waiver amount per month is calculated:

**Excess KVAR x Waiver Rate**

*Excess KVAR: Maximum 12-month KVAR in excess of 32.868 percent of kW*

*Waiver Rate per excess KVAR*

Effective May 1, 2025	\$0.3759
Effective January 1, 2026	\$0.3872
Effective January 1, 2027	\$0.3988

## VI. Billing Periods

### A. Time-of-Day Billing Periods

<b>Non-Summer October 1 -May 31</b>	Peak	Weekdays between 4:00 p.m. and 9:00 p.m., excluding holidays
	Off-Peak Saver	Every day between 9:00 a.m. and 4:00 p.m., including holidays
	Off-Peak	All other hours, including holidays
<b>Summer June 1 -September 30</b>	Peak	Weekdays between 4:00 p.m. and 9:00 p.m., excluding holidays
	Off-Peak	All other hours, including holidays

The holidays recognized for the Time-of-Day Billing Periods are as follows:

<u>Holiday</u>	<u>Month</u>	<u>Date</u>
New Year's Day	January	1
Martin Luther King Jr. Day	January	Third Monday
Presidents Day	February	Third Monday
Memorial Day	May	Last Monday
Juneteenth National Independence Day	June	19
Independence Day	July	4
Labor Day	September	First Monday
Indigenous Peoples' Day/Columbus Day	October	Second Monday
Veterans Day	November	11
Thanksgiving Day	November	Fourth Thursday
Christmas Day	December	25



# Commercial & Industrial Time-of-Day Rate Schedule CI-TOD1

## VII. Billing

### A. Meter Data

Meter data for service rendered in accordance with this Rate Schedule will not be combined for billing purposes unless SMUD determines it is necessary or convenient to do so.

### B. Proration of Charges

Charges are prorated when the billing period is less than 27 days, more than 34 days or spans more than one price. The System Infrastructure Fixed Charge, Summer Peak Demand Charge, Maximum Demand Charge, and Site Infrastructure Charge will be prorated as shown in the following table.

Billing Circumstance	Basis for Proration
Bill period is shorter than 27 days	Relationship between the length of the billing period and 30 days.
Bill period is longer than 34 days	
Price changes within bill period	Relationship between the length of the billing period and the number of days that fall within the respective pricing periods.

### C. Contract Capacity

Use of Contract Capacity for billing is at SMUD's sole discretion. Refer to Rule and Regulation 1 and Rule and Regulation 6.

### D. Discontinuance of Service

Any customer resuming service at the same premises within 12 months after discontinuing service will be required to pay the System Infrastructure Fixed Charges and Site Infrastructure Charges that would have been billed if service had not been discontinued, except when service has been disconnected. The System Infrastructure Fixed Charge and Site Infrastructure Charge will be waived during each of those months. Retroactive billing shall be at SMUD's sole discretion.

*(End)*



## Commercial & Industrial Time-of-Day Rate Schedule CI-TOD1

### VIII. Transition Schedule

Season and Charge Component	Unit	2028*
<b>CITS-0: C&amp;I Secondary 0-20 kW</b>		
System Infrastructure Fixed Charge	per month	\$44.45
Maximum Demand Charge	per kW	\$4.101
Non-Summer Peak	per kWh	\$0.1506
Non-Summer Off-Peak	per kWh	\$0.1237
Non-Summer Off-Peak Saver	per kWh	\$0.1092
Summer Peak	per kWh	\$0.3558
Summer Off-Peak	per kWh	\$0.1453

\*Subject to future rate increases.

\*\*Time-of-Day periods apply as described in Section VII.



# Commercial & Industrial Time-of-Day Rate Schedule CI-TOD2

## I. Applicability

This Rate Schedule CI-TOD2 applies to single- or three-phase service, delivered at standard voltages designated by SMUD as available at the customer's premises. This schedule includes the standard rates for all commercial and industrial (C&I) accounts with monthly maximum demand of at least 300 kW for three consecutive months, but not greater than 499 kW for three consecutive months during the preceding 12 months. Accounts served at the secondary service voltage level will remain on the CI-TOD2 rate schedule unless monthly maximum demand falls below 300 kW for 12 consecutive months or exceeds 499 kW for three consecutive months. Accounts served at the primary service voltage level will remain on the CI-TOD2 rate schedule unless monthly maximum demand exceeds 499 kW for three consecutive months. This schedule also includes the standard rates for accounts with contract capacity of at least 300 kW, but not greater than 499 kW. The demand for any month shall be the maximum 15-minute kW delivery during the month.

For the purposes of this schedule a "month" is considered to be a single billing period of 27 to 34 days.

## II. Firm Service Rates

### A. Commercial & Industrial Time-of-Day Rates

	Effective as of May 1, 2025	Effective as of January 1, 2026	Effective as of January 1, 2027
<b>CITS-2: C&amp;I Secondary 300-499 kW</b>			
<b>Non-Summer Season (October - May)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	\$980.55	\$1,281.95	\$1,600.65
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$5.286	\$5.538	\$5.790
Electricity Usage Charge			
Peak <i>\$/kWh</i>	\$0.1410	\$0.1471	\$0.1531
Off-Peak <i>\$/kWh</i>	\$0.1148	\$0.1199	\$0.1252
Off-Peak Saver <i>\$/kWh</i>	\$0.0973	\$0.0932	\$0.0889
<b>Summer Season (June - September)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	\$980.55	\$1,281.95	\$1,600.65
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$5.286	\$5.538	\$5.790
Summer Peak Demand Charge <i>\$ per monthly Peak max kW</i>	\$11.251	\$11.708	\$12.181
Electricity Usage Charge			
Peak <i>\$/kWh</i>	\$0.2427	\$0.2489	\$0.2551
Off-Peak <i>\$/kWh</i>	\$0.1359	\$0.1332	\$0.1302
<b>CITP-2: C&amp;I Primary 300-499 kW</b>			
<b>Non-Summer Season (October - May)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	\$331.40	\$341.35	\$351.60
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$3.485	\$3.590	\$3.697
Electricity Usage Charge			
Peak <i>\$/kWh</i>	\$0.1598	\$0.1646	\$0.1695
Off-Peak <i>\$/kWh</i>	\$0.1377	\$0.1418	\$0.1461
Off-Peak Saver <i>\$/kWh</i>	\$0.0873	\$0.0899	\$0.0926
<b>Summer Season (June - September)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	\$331.40	\$341.35	\$351.60
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$3.485	\$3.590	\$3.697
Summer Peak Demand Charge <i>\$ per monthly Peak max kW</i>	\$11.389	\$11.731	\$12.083
Electricity Usage Charge			
Peak <i>\$/kWh</i>	\$0.2012	\$0.2072	\$0.2135
Off-Peak <i>\$/kWh</i>	\$0.1240	\$0.1277	\$0.1315

Commercial rates beyond 2027 are effective as shown in Section VIII. Transition Schedule.



## Commercial & Industrial Time-of-Day Rate Schedule CI-TOD2

### III. Electricity Usage Surcharges

Refer the following rate schedules for details on electricity surcharges that apply to all kWh usage.

A. **Hydro Generation Adjustment (HGA).** Refer to Rate Schedule HGA.

### IV. Rate Option Menu

A. **Energy Assistance Program Rate for Nonprofit Agencies.** Refer to Rate Schedule EAPR.

B. **Campus Billing.** Refer to Rate Schedule CB.

C. **Implementation of Energy Efficiency Program or Installation of New Solar Photovoltaic or Storage Systems**

Customers who implement a SMUD-sponsored Energy Efficiency program or who install a SMUD-approved solar/photovoltaic or storage system to offset their on-site energy usage may request, in writing, within 30 days of the project completion and commissioning, an adjustment to their twelve month maximum demand based on the anticipated reduction in kW from the Energy Efficiency Project Worksheet. The adjusted twelve month maximum demand is valid for 12 months or until it is exceeded by actual maximum demand.

D. **Standby Service Option**

Standby Service applies when all of the following conditions are met:

1. The customer has generation, sited on the customer's premises, that serves all or part of the customer's load; and
2. The generator(s) are connected to SMUD's electrical system; and
3. SMUD is required to have resources available to provide supplemental service, backup electricity and, or to supply electricity during generator(s) maintenance service.

Standby Service Charge by Voltage Level (\$/kW of Contract Capacity per month)	Secondary	Primary	Subtransmission
Effective May 1, 2025	\$8.597	\$6.832	\$3.451
Effective January 1, 2026	\$8.855	\$7.037	\$3.555
Effective January 1, 2027	\$9.121	\$7.248	\$3.661

In addition to the Standby Service Charge, SMUD will continue to bill for all applicable charges under this rate schedule.

The Standby Service Charge will be waived only for qualifying renewable generation under Rate Schedules NEM1 and SSR. The Standby Service Charge applies to customers who install, interconnect, and operate their own electrical generation facility and equipment to self-supply all their own power needs as a microgrid service, where SMUD provides only backup electricity.

E. **Customer Energy Generation Options.** Refer to Rate Schedules NEM1 and SSR.

F. **SMUD Renewable Energy Option**

SMUD offers optional programs that allow customers to receive renewable energy for an additional charge, detailed on [www.smud.org](http://www.smud.org).

G. **Special Metering Charge**

The customer shall pay for additional equipment and software identified by SMUD meter specialists as necessary for load data collection and upload to the customer electronic system. Payment for this nonstandard equipment and service will be made through provisions in Rule and Regulation 2, Section IV. Special Facilities. The fee schedule is available at SMUD's website, [www.smud.org](http://www.smud.org).



# Commercial & Industrial Time-of-Day Rate Schedule CI-TOD2

## V. Conditions of Service

### A. Type of Electric Service

SMUD will provide customers on this rate schedule standard, firm service consisting of a continuous and sufficient supply of electricity.

### B. Distribution Service Voltage Definition

The following defines the three voltage classes available. The rate will be determined by the voltage level at which service is provided according to the following:

1. *Secondary Service Voltage*

This service class provides power at voltage levels below 12 kilo-Volts (kV), or at a level not otherwise defined as “Primary” or “Subtransmission.”

2. *Primary Service Voltage*

This service class provides power at a voltage level of 12 kV or 21 kV. To be eligible for Primary Service Voltage, the customer’s monthly demand must exceed 299 kW, the voltage must be available in the area being served, and SMUD must approve the arrangement for power provision.

3. *Subtransmission Service Voltage*

This subtransmission service class provides power at a voltage level of 69 kV or as otherwise defined by SMUD. To be eligible for voltage service at this level, the customer’s monthly demand must exceed 499 kW, the voltage must be available in the area being served, and SMUD must approve the arrangement for power provision.

### C. Power Factor Adjustment or Waiver

1. **Adjustment (charge per month varies)**

Accounts on a demand rate are subject to a power factor (PF) adjustment charge. When a customer’s monthly power factor falls below 95 percent leading or lagging, the following billing adjustment will apply:

$$\text{Electricity Usage} \times [ (95\% \div \text{Power Factor}) - 1 ] \times \text{Power Factor Adjustment Rate}$$

*Electricity Usage: the total monthly kWh for the account*

*Power Factor: the lesser of the customer’s monthly power factor or 95 percent*

*Power Factor Adjustment Rate per excess KVAR*

Effective May 1, 2025	\$0.0142
Effective January 1, 2026	\$0.0146
Effective January 1, 2027	\$0.0151



## Commercial & Industrial Time-of-Day Rate Schedule CI-TOD2

### 2. Waiver Contract (charge per month is set for term of waiver)

Customers may apply for a power factor waiver contract that compensates SMUD for the power factor correction for the portion that is covered under the contract. The power factor waiver is not available to customers taking service at the subtransmission service voltage level. The waiver amount per month is calculated:

**Excess KVAR x Waiver Rate**

*Excess KVAR: Maximum 12-month KVAR in excess of 32.868 percent of kW*

*Waiver Rate per excess KVAR*

Effective May 1, 2025	\$0.3759
Effective January 1, 2026	\$0.3872
Effective January 1, 2027	\$0.3988

## VI. Billing Periods

### A. Time-of-Day Billing Periods

<b>Non-Summer October 1 -May 31</b>	Peak	Weekdays between 4:00 p.m. and 9:00 p.m., excluding holidays
	Off-Peak Saver	Every day between 9:00 a.m. and 4:00 p.m., including holidays
	Off-Peak	All other hours, including holidays
<b>Summer June 1 -September 30</b>	Peak	Weekdays between 4:00 p.m. and 9:00 p.m., excluding holidays
	Off-Peak	All other hours, including holidays

The holidays recognized for the Time-of-Day Billing Periods are as follows:

<u>Holiday</u>	<u>Month</u>	<u>Date</u>
New Year's Day	January	1
Martin Luther King Jr. Day	January	Third Monday
Presidents Day	February	Third Monday
Memorial Day	May	Last Monday
Juneteenth National Independence Day	June	19
Independence Day	July	4
Labor Day	September	First Monday
Indigenous Peoples' Day/Columbus Day	October	Second Monday
Veterans Day	November	11
Thanksgiving Day	November	Fourth Thursday
Christmas Day	December	25



## Commercial & Industrial Time-of-Day Rate Schedule CI-TOD2

### VII. Billing

#### A. Meter Data

Meter data for service rendered in accordance with this rate will not be combined for billing purposes unless SMUD determines it is necessary or convenient to do so.

#### B. Proration of Charges

Charges are prorated when the billing period is less than 27 days, more than 34 days or spans more than one price. The System Infrastructure Fixed Charge, Summer Peak Demand Charge and Site Infrastructure Charge will be prorated as shown in the following table.

Billing Circumstance	Basis for Proration
Bill period is shorter than 27 days	Relationship between the length of the billing period and 30 days.
Bill period is longer than 34 days	
Price changes within bill period	Relationship between the length of the billing period and the number of days that falls within the respective pricing periods.

#### C. Contract Capacity

Use of Contract Capacity for billing is at SMUD's sole discretion. Refer to Rule and Regulation 1 and Rule and Regulation 6.

#### D. Discontinuance of Service

Any customer resuming service at the same premises within 12 months after discontinuing service may be required to pay the System Infrastructure Fixed Charges and Site Infrastructure Charges that would have been billed if service had not been discontinued, except when service has been disconnected. The System Infrastructure Fixed Charge and Site Infrastructure Charge will be waived during each of those months. Retroactive billing shall be at SMUD's sole discretion.

*(End)*



## Commercial & Industrial Time-of-Day Rate Schedule CI-TOD2

### VIII. Transition Schedule

Season and Charge Component	Unit	2028*
<b>CITS-2: C&amp;I Secondary 300-499 kW</b>		
System Infrastructure Fixed Charge	per month	\$1,878.75
Site Infrastructure Charge	per kW	\$5.876
Summer Peak Demand Charge	per kW	\$12.316
Non-Summer Peak	per kWh	\$0.1550
Non-Summer Off-Peak	per kWh	\$0.1270
Non-Summer Off-Peak Saver	per kWh	\$0.0817
Summer Peak	per kWh	\$0.2540
Summer Off-Peak	per kWh	\$0.1234

\*Subject to future rate increases.

\*\*Time-of-Day periods apply as described in Section VI.



## **Commercial & Industrial Time-of-Day Rate Schedule CI-TOD3**

### **I. Applicability**

This Rate Schedule CI-TOD3 applies to single- or three-phase service, delivered at standard voltages designated by SMUD as available at the customer's premises. This schedule includes the standard rates for all agricultural, commercial and industrial (C&I) accounts with monthly maximum demand of at least 500 kW for three consecutive months, but not greater than 999 kW for three consecutive months during the preceding 12 months. Accounts will remain on this schedule unless monthly maximum demand falls below 500 kW for 12 consecutive months or exceeds 999 kW for three consecutive months. This schedule also includes the standard rates for accounts with contract capacity of at least 500 kW, but not greater than 999 kW. The demand for any month will be the maximum 15-minute kW delivery during the month.

For the purposes of this schedule a "month" is considered to be a single billing period of 27 to 34 days.



# Commercial & Industrial Time-of-Day Rate Schedule CI-TOD3

## II. Firm Service Rates

### A. Commercial Industrial Time-of-Day Rates

	Effective as of May 1, 2025	Effective as of January 1, 2026	Effective as of January 1, 2027
<b>CITS-3: C&amp;I Secondary 500-999 kW</b>			
<b>Non-Summer Season (October - May)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	\$2,339.50	\$2,409.70	\$2,482.00
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$5.539	\$5.705	\$5.876
Electricity Usage Charge			
Peak <i>\$/kWh</i>	\$0.1405	\$0.1447	\$0.1491
Off-Peak <i>\$/kWh</i>	\$0.1160	\$0.1195	\$0.1231
Off-Peak Saver <i>\$/kWh</i>	\$0.0750	\$0.0772	\$0.0796
<b>Summer Season (June - September)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	\$2,339.50	\$2,409.70	\$2,482.00
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$5.539	\$5.705	\$5.876
Summer Peak Demand Charge <i>\$ per monthly Peak max kW</i>	\$11.609	\$11.957	\$12.316
Electricity Usage Charge			
Peak <i>\$/kWh</i>	\$0.2294	\$0.2363	\$0.2434
Off-Peak <i>\$/kWh</i>	\$0.1118	\$0.1152	\$0.1186
<b>CITP-3: C&amp;I Primary 500-999 kW</b>			
<b>Non-Summer Season (October - May)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	\$331.40	\$341.35	\$351.60
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$3.485	\$3.590	\$3.697
Electricity Usage Charge			
Peak <i>\$/kWh</i>	\$0.1465	\$0.1509	\$0.1554
Off-Peak <i>\$/kWh</i>	\$0.1272	\$0.1310	\$0.1349
Off-Peak Saver <i>\$/kWh</i>	\$0.0811	\$0.0835	\$0.0860
<b>Summer Season (June - September)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	\$331.40	\$341.35	\$351.60
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$3.485	\$3.590	\$3.697
Summer Peak Demand Charge <i>\$ per monthly Peak max kW</i>	\$11.389	\$11.731	\$12.083
Electricity Usage Charge			
Peak <i>\$/kWh</i>	\$0.2375	\$0.2446	\$0.2520
Off-Peak <i>\$/kWh</i>	\$0.1208	\$0.1245	\$0.1283
<b>CITT-3: C&amp;I Subtransmission 500-999 kW</b>			
<b>Non-Summer Season (October - May)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	\$1,379.50	\$1,420.90	\$1,463.50
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$3.820	\$3.935	\$4.053
Electricity Usage Charge			
Peak <i>\$/kWh</i>	\$0.1268	\$0.1306	\$0.1345
Off-Peak <i>\$/kWh</i>	\$0.1059	\$0.1091	\$0.1124
Off-Peak Saver <i>\$/kWh</i>	\$0.0689	\$0.0710	\$0.0731
<b>Summer Season (June - September)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	\$1,379.50	\$1,420.90	\$1,463.50
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$3.820	\$3.935	\$4.053
Summer Peak Demand Charge <i>\$ per monthly Peak max kW</i>	\$11.102	\$11.435	\$11.778
Electricity Usage Charge			
Peak <i>\$/kWh</i>	\$0.2132	\$0.2196	\$0.2262
Off-Peak <i>\$/kWh</i>	\$0.1027	\$0.1058	\$0.1090



# Commercial & Industrial Time-of-Day Rate Schedule CI-TOD3

## III. Electricity Usage Surcharges

Refer to the following rate schedules for details on electricity usage surcharges that apply to all kWh.

**A. Hydro Generation Adjustment (HGA).** Refer to Rate Schedule HGA.

## IV. Rate Option Menu

**A. Energy Assistance Program Rate for Nonprofit Agencies.** Refer to Rate Schedule EAPR.

**B. Campus Billing.** Refer to Rate Schedule CB.

**C. Implementation of Energy Efficiency Program or Installation of New Solar Photovoltaic or Storage Systems**

Customers who implement a SMUD-sponsored Energy Efficiency program or who install a SMUD-approved solar/photovoltaic or storage system to offset their on-site energy usage may request, in writing, within 30 days of the project completion and commissioning, an adjustment to their twelve month maximum demand based on the anticipated reduction in kW from the Energy Efficiency Project Worksheet. The adjusted twelve month maximum demand is valid for 12 months or until it is exceeded by actual maximum demand.

**D. Standby Service Option**

Standby Service applies when all of the following conditions are met:

1. The customer has generation, sited on the customer's premises, that serves all or part of the customer's load; and
2. The generator(s) are connected to SMUD's electrical system; and
3. SMUD is required to have resources available to provide supplemental service, backup electricity and, or to supply electricity during generator(s) maintenance service.

Standby Service Charge by Voltage Level (\$/kW of Contract Capacity per month)	Secondary	Primary	Subtransmission
Effective May 1, 2025	\$8.597	\$6.832	\$3.451
Effective January 1, 2026	\$8.855	\$7.037	\$3.555
Effective January 1, 2027	\$9.121	\$7.248	\$3.661

In addition to the Standby Service Charge, SMUD will continue to bill for all applicable charges under this rate schedule.

The Standby Service Charge will be waived only for qualifying renewable generation under Rate Schedules NEM1 and SSR. The Standby Service Charge applies to customers who install, interconnect, and operate their own electrical generation facility and equipment to self-supply all their own power needs as a microgrid service, where SMUD provides only backup electricity.

**E. Customer Energy Generation Options.** Refer to Rate Schedules NEM1 and SSR.

**F. SMUD Renewable Energy Option**

SMUD offers optional programs that allow customers to receive renewable energy for an additional charge, detailed on [www.smud.org](http://www.smud.org).

**G. Special Metering Charge**

The customer shall pay for additional equipment and software identified by SMUD meter specialists as necessary for load data collection and upload to the customer electronic system. Payment for this nonstandard equipment and service will be made through provisions in Rule and Regulation 2, Section IV. Special Facilities. The fee schedule is available at SMUD's website, [www.smud.org](http://www.smud.org).



# Commercial & Industrial Time-of-Day Rate Schedule CI-TOD3

## V. Conditions of Service

### A. Type of Electric Service

SMUD will provide customers on this rate schedule standard, firm service consisting of a continuous and sufficient supply of electricity.

### B. Distribution Service Voltage Definition

The following defines the three voltage classes available. The rate will be determined by the voltage level at which service is provided according to the following:

1. *Secondary Service Voltage*

This service class provides power at voltage levels below 12 kilo-Volts (kV), or at a level not otherwise defined as “Primary” or “Subtransmission.”

2. *Primary Service Voltage*

This service class provides power at a voltage level of 12 kV or 21 kV. To be eligible for Primary Service Voltage, the customer’s monthly demand must exceed 299 kW, the voltage must be available in the area being served, and SMUD must approve the arrangement for power provision.

3. *Subtransmission Service Voltage*

This subtransmission service class provides power at a voltage level of 69 kV or as otherwise defined by SMUD. To be eligible for voltage service at this level, the customer’s monthly demand must exceed 499 kW, the voltage must be available in the area being served, and SMUD must approve the arrangement for power provision.

### C. Power Factor Adjustment or Waiver

1. **Adjustment (charge per month varies)**

Accounts on a demand rate are subject to a power factor (PF) adjustment charge. When a customer’s monthly power factor falls below 95 percent leading or lagging, the following billing adjustment will apply:

$$\text{Electricity Usage} \times [ (95\% \div \text{Power Factor}) - 1 ] \times \text{Power Factor Adjustment Rate}$$

*Electricity Usage: the total monthly kWh for the account*

*Power Factor: the lesser of the customer’s monthly power factor or 95 percent*

*Power Factor Adjustment Rate per excess KVAR*

Effective May 1, 2025	\$0.0142
Effective January 1, 2026	\$0.0146
Effective January 1, 2027	\$0.0151



## Commercial & Industrial Time-of-Day Rate Schedule CI-TOD3

### 2. Waiver Contract (charge per month is set for term of waiver)

Customers may apply for a power factor waiver contract that compensates SMUD for the power factor correction for the portion that is covered under the contract. The power factor waiver is not available to customers taking service at the subtransmission service voltage level. The waiver amount per month is calculated:

**Excess KVAR x Waiver Rate**

*Excess KVAR: Maximum 12-month KVAR in excess of 32.868 percent of kW*

*Waiver Rate per excess KVAR*

Effective May 1, 2025	\$0.3759
Effective January 1, 2026	\$0.3872
Effective January 1, 2027	\$0.3988

## VI. Billing Periods

### A. Time-of-Day Billing Periods

<b>Non-Summer October 1 -May 31</b>	Peak	Weekdays between 4:00 p.m. and 9:00 p.m., excluding holidays
	Off-Peak Saver	Every day between 9:00 a.m. and 4:00 p.m., including holidays
	Off-Peak	All other hours, including holidays
<b>Summer June 1 -September 30</b>	Peak	Weekdays between 4:00 p.m. and 9:00 p.m., excluding holidays
	Off-Peak	All other hours, including holidays

The holidays recognized for the Time-of-Day Billing Periods are as follows:

<u>Holiday</u>	<u>Month</u>	<u>Date</u>
New Year's Day	January	1
Martin Luther King Jr. Day	January	Third Monday
Presidents Day	February	Third Monday
Memorial Day	May	Last Monday
Juneteenth National Independence Day	June	19
Independence Day	July	4
Labor Day	September	First Monday
Indigenous Peoples' Day/Columbus Day	October	Second Monday
Veterans Day	November	11
Thanksgiving Day	November	Fourth Thursday
Christmas Day	December	25



## Commercial & Industrial Time-of-Day Rate Schedule CI-TOD3

### VII. Billing

#### A. Meter Data

Meter data for service rendered in accordance with this rate will not be combined for billing purposes unless SMUD determines it is necessary or convenient to do so.

#### B. Proration of Charges

Charges are prorated when the billing period is less than 27 days, more than 34 days or spans more than one price. The System Infrastructure Fixed Charge, Summer Peak Demand Charge and Site Infrastructure Charge will be prorated as shown in the following table.

Billing Circumstance	Basis for Proration
Bill period is shorter than 27 days	Relationship between the length of the billing period and 30 days.
Bill period is longer than 34 days	
Price changes within bill period	Relationship between the length of the billing period and the number of days that fall within the respective pricing periods.

#### C. Contract Capacity

Use of Contract Capacity for billing is at SMUD's sole discretion. Refer to Rule and Regulation 1 and Rule and Regulation 6.

#### D. Discontinuance of Service

Any customer resuming service at the same premises within 12 months after discontinuing service may be required to pay the System Infrastructure Fixed Charges and Site Infrastructure Charges that would have been billed if service had not been discontinued, except when service has been disconnected. The System Infrastructure Fixed Charge and Site Infrastructure Charge will be waived during each of those months. Retroactive billing shall be at SMUD's sole discretion.

*(End)*



## **Commercial & Industrial Time-of-Day Rate Schedule CI-TOD4**

### **I. Applicability**

This Rate Schedule CI-TOD4 applies to single- or three-phase service, delivered at standard voltages designated by SMUD as available at the customer's premises. This schedule includes the standard rates for all agricultural, commercial and industrial (C&I) accounts with monthly maximum demand of 1,000 kW or greater for three consecutive months during the preceding 12 months. Accounts will remain on this rate schedule unless monthly maximum demand falls below 1,000 kW for 12 consecutive months. The demand for any month will be the maximum 15-minute kW delivery during the month. This schedule also includes the standard rates for accounts with contract capacity of 1,000 kW or greater.

For the purposes of this schedule a "month" is considered to be a single billing period of 27 to 34 days.



# Commercial & Industrial Time-of-Day Rate Schedule CI-TOD4

## II. Firm Service Rates

### A. Commercial Industrial Time-of-Day Rates

	Effective as of May 1, 2025	Effective as of January 1, 2026	Effective as of January 1, 2027
<b>CITS-4: C&amp;I Secondary 1000+ kW</b>			
<b>Non-Summer Season (October - May)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	\$3,897.40	\$4,014.30	\$4,134.75
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$5.539	\$5.705	\$5.876
Electricity Usage Charge			
Peak \$/kWh	\$0.1442	\$0.1485	\$0.1530
Off-Peak \$/kWh	\$0.1186	\$0.1222	\$0.1259
Off-Peak Saver \$/kWh	\$0.0765	\$0.0788	\$0.0812
<b>Summer Season (June - September)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	\$3,897.40	\$4,014.30	\$4,134.75
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$5.539	\$5.705	\$5.876
Summer Peak Demand Charge <i>\$ per monthly Peak max kW</i>	\$11.609	\$11.957	\$12.316
Electricity Usage Charge			
Peak \$/kWh	\$0.2367	\$0.2438	\$0.2511
Off-Peak \$/kWh	\$0.1151	\$0.1186	\$0.1221
<b>CITP-4: C&amp;I Primary 1000+ kW</b>			
<b>Non-Summer Season (October - May)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	\$331.40	\$341.35	\$351.60
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$4.904	\$5.051	\$5.203
Electricity Usage Charge			
Peak \$/kWh	\$0.1444	\$0.1488	\$0.1532
Off-Peak \$/kWh	\$0.1172	\$0.1207	\$0.1243
Off-Peak Saver \$/kWh	\$0.0757	\$0.0780	\$0.0804
<b>Summer Season (June - September)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	\$331.40	\$341.35	\$351.60
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$4.904	\$5.051	\$5.203
Summer Peak Demand Charge <i>\$ per monthly Peak max kW</i>	\$11.389	\$11.731	\$12.083
Electricity Usage Charge			
Peak \$/kWh	\$0.2226	\$0.2293	\$0.2362
Off-Peak \$/kWh	\$0.1130	\$0.1164	\$0.1199
<b>CITT-4: C&amp;I Subtransmission 1000+ kW</b>			
<b>Non-Summer Season (October - May)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	\$1,379.50	\$1,420.90	\$1,463.50
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$3.820	\$3.935	\$4.053
Electricity Usage Charge			
Peak \$/kWh	\$0.1404	\$0.1446	\$0.1490
Off-Peak \$/kWh	\$0.1148	\$0.1182	\$0.1217
Off-Peak Saver \$/kWh	\$0.0742	\$0.0764	\$0.0787
<b>Summer Season (June - September)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	\$1,379.50	\$1,420.90	\$1,463.50
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$3.820	\$3.935	\$4.053
Summer Peak Demand Charge <i>\$ per monthly Peak max kW</i>	\$11.102	\$11.435	\$11.778
Electricity Usage Charge			
Peak \$/kWh	\$0.1978	\$0.2037	\$0.2098
Off-Peak \$/kWh	\$0.1100	\$0.1133	\$0.1167



# Commercial & Industrial Time-of-Day Rate Schedule CI-TOD4

## III. Electricity Usage Surcharges

Refer to the following rate schedules for details on electricity usage surcharges that apply to all kWh.

**A. Hydro Generation Adjustment (HGA).** Refer to Rate Schedule HGA.

## IV. Rate Option Menu

**A. Energy Assistance Program Rate for Nonprofit Agencies.** Refer to Rate Schedule EAPR.

**B. Campus Billing.** Refer to Rate Schedule CB.

**C. Implementation of Energy Efficiency Program or Installation of New Solar/Photovoltaic or Storage Systems**

Customers who implement a SMUD-sponsored Energy Efficiency program or who install a SMUD-approved solar/photovoltaic or storage system to offset their on-site energy usage may request, in writing, within 30 days of the project completion and commissioning, an adjustment to their twelve month maximum demand based on the anticipated reduction in kW from the Energy Efficiency Project Worksheet. The adjusted twelve month maximum demand is valid for 12 months or until it is exceeded by actual maximum demand.

### D. Standby Service Option

Standby Service applies when all of the following conditions are met:

1. The customer has generation, sited on the customer's premises, that serves all or part of the customer's load; and
2. The generator(s) are connected to SMUD's electrical system; and
3. SMUD is required to have resources available to provide supplemental service, backup electricity and, or to supply electricity during generator(s) maintenance service.

Standby Service Charge by Voltage Level (\$/kW of Contract Capacity per month)	Secondary	Primary	Subtransmission
Effective May 1, 2025	\$8.597	\$6.832	\$3.451
Effective January 1, 2026	\$8.855	\$7.037	\$3.555
Effective January 1, 2027	\$9.121	\$7.248	\$3.661

In addition to the Standby Service Charge, SMUD will continue to bill for all applicable charges under this rate schedule.

The Standby Service Charge will be waived only for qualifying renewable generation under Rate Schedules NEM1 and SSR. The Standby Service Charge applies to customers who install, interconnect, and operate their own electrical generation facility and equipment to self-supply all their own power needs as a microgrid service, where SMUD provides only backup electricity.

**E. Customer Energy Generation Options.** Refer to Rate Schedules NEM1 and SSR.

### F. SMUD Renewable Energy Option

SMUD offers optional programs that allow customers to receive renewable energy for an additional charge, detailed on [www.smud.org](http://www.smud.org).

### G. Special Metering Charge

For customers who purchase and install additional equipment and software identified by SMUD meter specialists as necessary for load data collection and transfer to electronic media outside SMUD, SMUD will charge a monthly service fee to cover maintenance, software support and licensing fees. Payment for this nonstandard equipment and service will be made through provisions in Rule and Regulation 2, Section IV. Special Facilities. The fee schedule is available at SMUD's website, [www.smud.org](http://www.smud.org).



# Commercial & Industrial Time-of-Day Rate Schedule CI-TOD4

## V. Conditions of Service

### A. Type of Electric Service

SMUD will provide customers on this rate schedule standard, firm service consisting of a continuous and sufficient supply of electricity.

### B. Distribution Service Voltage Definition

The following defines the three voltage classes available. The rate shall be determined by the voltage level at which service is provided according to the following:

1. *Secondary Service Voltage*

This service class provides power at voltage levels below 12 kilo-Volts (kV), or at a level not otherwise defined as “Primary” or “Subtransmission.”

2. *Primary Service Voltage*

This service class provides power at a voltage level of 12 kV or 21 kV. To be eligible for Primary Service Voltage, the customer’s monthly demand must exceed 299 kW, the voltage must be available in the area being served, and SMUD must approve the arrangement for power provision.

3. *Subtransmission Service Voltage*

This subtransmission service class provides power at a voltage level of 69 kV or as otherwise defined by SMUD. To be eligible for voltage service at this level, the customer’s monthly demand must exceed 499 kW, the voltage must be available in the area being served, and SMUD must approve the arrangement for power provision.

### C. Power Factor Adjustment or Waiver

1. **Adjustment (charge per month varies)**

Accounts on a demand rate are subject to a power factor (PF) adjustment charge. When a customer’s monthly power factor falls below 95 percent leading or lagging, the following billing adjustment will apply:

$$\text{Electricity Usage} \times [ (95\% \div \text{Power Factor}) - 1 ] \times \text{Power Factor Adjustment Rate}$$

*Electricity Usage: the total monthly kWh for the account*

*Power Factor: the lesser of the customer’s monthly power factor or 95 percent*

*Power Factor Adjustment Rate per excess KVAR*

Effective May 1, 2025	\$0.0142
Effective January 1, 2026	\$0.0146
Effective January 1, 2027	\$0.0151



## Commercial & Industrial Time-of-Day Rate Schedule CI-TOD4

### 2. Waiver Contract (charge per month is set for the term of the waiver)

Customers may apply for a power factor waiver contract that compensates SMUD for the power factor correction for the portion that is covered under the contract. The power factor waiver is not available to customers taking service at the subtransmission service voltage level. The waiver amount per month is calculated:

**Excess KVAR x Waiver Rate**

*Excess KVAR: Maximum 12-month KVAR in excess of 32.868 percent of kW*

*Waiver Rate per excess KVAR*

Effective May 1, 2025	\$0.3759
Effective January 1, 2026	\$0.3872
Effective January 1, 2027	\$0.3988

## VI. Billing Periods

### A. Time-of-Day Billing Periods

<b>Non-Summer October 1 -May 31</b>	Peak	Weekdays between 4:00 p.m. and 9:00 p.m., excluding holidays
	Off-Peak Saver	Every day between 9:00 a.m. and 4:00 p.m., including holidays
	Off-Peak	All other hours, including holidays
<b>Summer June 1 -September 30</b>	Peak	Weekdays between 4:00 p.m. and 9:00 p.m., excluding holidays
	Off-Peak	All other hours, including holidays

The holidays recognized for the Time-of-Day Billing Periods are as follows:

<u>Holiday</u>	<u>Month</u>	<u>Date</u>
New Year's Day	January	1
Martin Luther King Jr. Day	January	Third Monday
Presidents Day	February	Third Monday
Memorial Day	May	Last Monday
Juneteenth National Independence Day	June	19
Independence Day	July	4
Labor Day	September	First Monday
Indigenous Peoples' Day/Columbus Day	October	Second Monday
Veterans Day	November	11
Thanksgiving Day	November	Fourth Thursday
Christmas Day	December	25



## Commercial & Industrial Time-of-Day Rate Schedule CI-TOD4

### VII. Billing

#### A. Meter Data

Meter data for service rendered in accordance with this rate will not be combined for billing purposes unless SMUD determines it is necessary or convenient to do so.

#### B. Proration of Charges

Charges are prorated when the billing period is less than 27 days, more than 34 days or spans more than one price. The System Infrastructure Fixed Charge, Summer Peak Demand Charge and Site Infrastructure Charge will be prorated as shown in the following table.

Billing Circumstance	Basis for Proration
Bill period is less than 27 days	Relationship between the length of the billing period and 30 days.
Bill period is more than 34 days	
Price changes within billing period	Relationship between the length of the billing period and the number of days that fall within the respective pricing periods.

#### C. Contract Capacity

Use of Contract Capacity for billing is at SMUD's sole discretion. Refer to Rule and Regulation 1 and Rule and Regulation 6.

#### D. Discontinuance of Service

Any customer resuming service at the same premises within 12 months after discontinuing service will be required to pay the System Infrastructure Fixed Charges and Site Infrastructure Charges that would have been billed if service had not been discontinued, except when service has been disconnected. The System Infrastructure Fixed Charge and Site Infrastructure Charge will be waived during each of those months. Retroactive billing shall be at SMUD's sole discretion.

*(End)*



# Distribution Wheeling Service Rate Schedule DWS

## I. Applicability

This Rate Schedule DWS is optional for customers requesting Distribution Wheeling Service. SMUD may, at its sole discretion, provide Distribution Wheeling Service to Independent Power Producers and Cogenerators, also referred to as Merchant Generators, within SMUD territory, who establish a need for this service. Wheeling service requests will be evaluated on a case by case basis and may be limited by availability of distribution system capacity. SMUD, as the incumbent utility with native load service obligations, will determine the amount of excess distribution system capacity based on SMUD's forecasted customer loads. Any available distribution capacity in excess of SMUD's native load needs may be available to third parties requesting service under this Rate Schedule DWS. This rate has been developed for wholesale power transactions and SMUD will not wheel non-SMUD power to its retail customers under this rate.

This Rate Schedule DWS is available to entities owning generating facilities that meet the following conditions:

- The entity's generating facility is connected to SMUD's distribution system; and
- The entity has a power purchase (offtake) agreement for the output of the generating facility with an entity other than SMUD; and
- Power delivery under the power purchase agreement occurs at a location outside of the SMUD system.

Under this service, the power from the associated generating facility will be wheeled (transferred) across SMUD's distribution system from the point of interconnection to SMUD's distribution system (Interconnection Point) to SMUD's bulk power system. Entities taking service under this rate schedule will also be required to take Transmission Wheeling Service from SMUD under the SMUD Open Access Transmission Tariff (OATT).

Service under this schedule is on a first-come, first-served basis and is available unless the usage of these wheeling facilities would be detrimental to SMUD. This schedule is available for interconnection of the qualified generating facility to the SMUD distribution system, wherever that may occur within the SMUD service territory.

## II. Rates

### Distribution Wheeling Charge

\$/kilowatt-month	12/21 kV*	69 kV*
Effective May 1, 2025	\$12.430	\$1.936
Effective July 1, 2025	\$15.252	\$3.538
Effective January 1, 2026	\$15.710	\$3.644
Effective January 1, 2027	\$16.181	\$3.753

\* Includes all path charges to SMUD's bulk power system.

## III. Conditions of Service

### A. Application for Service

Any entity requesting service under this rate schedule must submit an application for Distribution Wheeling Service. Application for such service is available at the SMUD website, [www.smud.org](http://www.smud.org).

### B. Required Service Contract

The entity taking wheeling service under the rate schedule shall execute a Distribution Wheeling Agreement (DWA) in accordance with SMUD Policy and Procedure 8-05.

### C. Reservation Deposit

The entity requesting service under this rate schedule will be required to submit a deposit equal to one month of service under this rate. The deposit will be refundable up until the time that the entity commits to service by execution of the DWA. Once the DWA is executed, the reservation deposit becomes a nonrefundable payment for the first month of service under the rate schedule.



# Distribution Wheeling Service Rate Schedule DWS

## D. Term

Applicant must specify, at the time of application, the start date for the requested service. Applicant must also specify the duration that is requested for service. SMUD will accept applications for service up to 20 years.

## E. Application Under SMUD'S OATT

Applicants must also submit an application for Transmission Service under SMUD's Open Access Transmission Tariff.

## F. Definitions

The following definitions apply to this schedule:

1. Applicant: The entity requesting service under this rate schedule.
2. Distribution Wheeling: The transfer of Merchant Generator power at 12 kV, 21 kV, or 69 kV for delivery to a third party outside SMUD service territory.

## G. Electrical Interconnection

Applicant must also make a request for interconnection that complies with SMUD's Rule and Regulation 21 process for interconnection and must meet the requirements of Rule and Regulation 21, which include executing an Interconnection Agreement with SMUD. Any resources *not* meeting the Rule and Regulation 21 requirements will not be eligible for service under this schedule.

## H. Metering Requirements

Distributed generation resources receiving service under this schedule shall comply with all applicable rules in installing metering equipment appropriate for full output monitoring agreements, and which can be read daily by electronic means acceptable to SMUD. The customer shall be responsible for procuring and maintaining any communication link required by SMUD for retrieving meter data.

## IV. Line Losses

Merchant Generators taking service under this rate schedule will be assessed a line loss factor. Line losses will be applied as the electricity transitions from one voltage level to another. The line losses by voltage level are as follows:

<u>Voltage Level</u>	<u>Loss Factor</u>
12/21kV	4.06%
69kV	1.53%

SMUD reserves the right to update the line loss factor annually on January 1.

Line losses will be applied to the amount of generated electricity that is measured at the point of interconnection between the Merchant Generator's facility and SMUD's electrical system.

(End)



# General Service

## Temperature-Dependent Pricing/Economic Retention

### Rate Schedule GS-TDP (*Closed to new customers*)

#### I. Applicability

This Rate Schedule GS-TDP applies to single- or three-phase service, delivered at the subtransmission voltage level. The rate charged the customer shall vary depending on the maximum forecasted temperature during the summer season (June through September). SMUD is utilizing temperature-dependent pricing as an additional rate option for economic retention.

This rate schedule was closed to new participants effective January 1, 1998.

To be eligible for this schedule, customers must have met the following requirements:

1. Certify to SMUD that serving their load has become competitive as shown through evidence of viable competitive energy sources from relocation, self-generation, cogeneration, etc.;
2. Verify that electricity costs are at least 10 percent of their variable production costs; and
3. Agree to remain a full-requirements SMUD customer for a minimum period of five years. If the customer chooses to bypass SMUD before the five year period has expired, the customer shall reimburse SMUD for all cumulative savings received under the temperature-dependent pricing rate compared to the standard rate. The customer may elect to terminate SMUD service after four years, with a one-year advance notification, without penalty.

For the purposes of this schedule a “month” is considered to be a single billing period of 27 to 34 days.

#### II. Firm Service Rate

	Effective as of May 1, 2025	Effective as of January 1, 2026	Effective as of January 1, 2027
<b>GS-TDP</b>			
<b>Winter Season (January - May)</b>			
<b>System Infrastructure Fixed Charge</b> <i>per month per meter</i>	\$372.40	\$383.55	\$395.10
<b>Site Infrastructure Charge</b> <i>per 12 months max kW or contract capacity</i>	\$0.726	\$0.748	\$0.770
<b>Electricity Usage Charge</b>			
On-peak <i>\$/kWh</i>	\$0.1288	\$0.1326	\$0.1366
Off-peak <i>\$/kWh</i>	\$0.0921	\$0.0949	\$0.0977
<b>Summer Season (June - September)</b>			
<b>System Infrastructure Fixed Charge</b> <i>per month per meter</i>	\$372.40	\$383.55	\$395.10
<b>Site Infrastructure Charge</b> <i>per 12 months max kW or contract capacity</i>	\$0.726	\$0.748	\$0.770
<b>TDP Summer Super-Peak Demand Charge</b> <i>(\$/kW)</i>			
Per kW of maximum demand during Super-Peak Period per day if forecasted daily maximum temperature (T) for the following day is:			
"Heat Storm" if $T \geq 100^\circ$ for 2 or more consecutive days; or	\$7.478	\$7.702	\$7.933
"Extremely Hot" if $T \geq 100^\circ$ for a single day; or	\$7.028	\$7.239	\$7.456
"Very Hot" if $100^\circ > T > 95^\circ$ for a single day; or	\$1.304	\$1.343	\$1.383
"Mild to Hot" if $95^\circ \geq T$	No Charge	No Charge	No Charge
<b>Electricity Usage Charge</b>			
Super-peak <i>\$/kWh</i>	\$0.1752	\$0.1805	\$0.1859
On-peak <i>\$/kWh</i>	\$0.1540	\$0.1586	\$0.1634
Off-peak <i>\$/kWh</i>	\$0.1158	\$0.1193	\$0.1229

The TDP Summer Super Peak Maximum Demand Charge varies depending on the forecasted maximum temperature, based on a mutually agreed upon weather forecast source for the Sacramento area, for the following day.

#### Minimum Demand Charge Day

A “Minimum Demand Charge Day” may be declared on days when the forecast maximum daily temperature is greater than 95°F and less than 50 percent of SMUD’s available peaking resources are being utilized. On a “Minimum Demand Charge Day” there is no charge for super-peak TDP maximum demand.



# General Service Temperature-Dependent Pricing/Economic Retention Rate Schedule GS-TDP (*Closed to new customers*)

## Notification of Minimum Demand Charge Day

It is the responsibility of the customer to communicate with SMUD to determine whether the SMUD system operator has declared a “Minimum Demand Charge Day.” SMUD reserves the right to cancel a “Minimum Demand Charge Day” if necessary. Any such update will be provided to the customer no later than one hour prior to application of the TDP super-peak maximum demand charge.

## III. Electricity Usage Surcharges

Refer to the following rate schedules for details on electricity usage surcharges.

**A. Hydro Generation Adjustment (HGA).** Refer to Rate Schedule HGA.

## IV. Rate Option Menu

### A. SMUD Renewable Energy Option

SMUD offers optional programs that allow customers to receive renewable energy for an additional charge, detailed on [www.smud.org](http://www.smud.org).

### B. Special Metering Charge

For customers who purchase and install additional equipment and software identified by SMUD meter specialists as necessary for load data collection and transfer to electronic media outside SMUD, SMUD will charge a monthly service fee to cover maintenance, software support and licensing fees. Payment for this nonstandard equipment and service will be made through provisions in Rule and Regulation 2, Section IV. Special Facilities. The fee schedule is available at SMUD’s website, [www.smud.org](http://www.smud.org).

## V. Conditions of Service

### A. Type of Electric Service

SMUD will provide customers on this rate schedule standard, firm service consisting of a continuous and sufficient supply of electricity.

### B. Service Voltage Definition

#### 1. Secondary Service Voltage

This service class provides power at voltage levels below 12 kilo-Volts (kV), or at a level not otherwise defined as “Primary” or “Subtransmission.”

#### 2. Primary Service Voltage

This service class provides power at a voltage level of 12 kV or 21 kV. To be eligible for Primary Service Voltage, the customer’s monthly demand must exceed 299 kW, the voltage must be available in the area being served, and SMUD must approve the arrangement for power provision.

#### 3. Subtransmission Service Voltage

This subtransmission service class provides power at a voltage level of 69 kV or as otherwise defined by SMUD. To be eligible for voltage service at this level, the customer’s monthly demand must exceed 499 kW, the voltage must be available in the area being served, and SMUD must approve the arrangement for power provision.



# General Service

## Temperature-Dependent Pricing/Economic Retention

### Rate Schedule GS-TDP (*Closed to new customers*)

#### C. Power Factor Adjustment or Waiver

##### 1. Adjustment (charge per month varies)

Accounts on a demand rate may be subject to a power factor (PF) adjustment charge. When a customer's monthly power factor falls below 95 percent leading or lagging, the following billing adjustment will apply:

$$\text{Electricity Usage} \times [ (95\% \div \text{Power Factor}) - 1 ] \times \text{Power Factor Adjustment Rate}$$

*Electricity Usage: the total monthly kWh for the account*

*Power Factor: the lesser of the customer's monthly power factor or 95 percent*

*Power Factor Adjustment Rate per excess KVAR*

Effective May 1, 2025	\$0.0142
Effective January 1, 2026	\$0.0146
Effective January 1, 2027	\$0.0151

##### 2. Waiver Contract (charge per month is set for the term of the waiver)

Customers may apply for a power factor waiver contract that compensates SMUD for the power factor correction for the portion that is covered under the contract. The power factor waiver is not available to customers taking service at the subtransmission service voltage level. The waiver amount per month is calculated:

$$\text{Excess KVAR} \times \text{Waiver Rate}$$

*Excess KVAR: Maximum 12-month KVAR in excess of 32.868 percent of kW*

*Waiver Rate per excess KVAR*

Effective May 1, 2025	\$0.3759
Effective January 1, 2026	\$0.3872
Effective January 1, 2027	\$0.3988

## VI. Billing Periods

### A. Large General Service Time-of-Use Billing Periods

<b>Winter On-Peak: October 1 - May 31</b>	Weekdays between noon and 10:00 p.m.
<b>Summer On-Peak: June 1 - September 30</b>	Weekdays between noon and 2:00 p.m. and between 8:00 p.m. and 10:00 p.m.
<b>Summer Super-Peak: June 1 - September 30</b>	Weekdays between 2:00 p.m. and 8:00 p.m.
<b>Off-Peak</b>	All other hours, including holidays shown below.



# General Service

## Temperature-Dependent Pricing/Economic Retention

### Rate Schedule GS-TDP *(Closed to new customers)*

Off-peak pricing shall apply during the following holidays:

<u>Holiday</u>	<u>Month</u>	<u>Date</u>
New Year's Day	January	1
Martin Luther King Jr. Day	January	Third Monday
Presidents Day	February	Third Monday
Memorial Day	May	Last Monday
Juneteenth National Independence Day	June	19
Independence Day	July	4
Labor Day	September	First Monday
Indigenous Peoples' Day/Columbus Day	October	Second Monday
Veterans Day	November	11
Thanksgiving Day	November	Fourth Thursday
Christmas Day	December	25

## VII. Billing

### A. Meter Data

Meter data for service rendered in accordance with this rate will not be combined for billing purposes unless SMUD determines it is necessary or convenient to do so.

### B. Proration of Charges

Charges are prorated when the billing period is less than 27 days, more than 34 days or spans more than one price. The System Infrastructure Fixed Charge and Site Infrastructure Charge will be prorated as shown in the following table.

Billing Circumstance	Basis for Proration
Bill period is shorter than 27 days	Relationship between the length of the billing period and 30 days.
Bill period is longer than 34 days	
Price changes within bill period	Relationship between the length of the billing period and the number of days that fall within the respective pricing periods.

### C. Contract Capacity

Use of Contract Capacity for billing is at SMUD's sole discretion. Refer to Rule and Regulation 1 and Rule and Regulation 6.

### D. Discontinuance of Service

Any customer resuming service at the same premises within 12 months after discontinuing service will be required to pay the System Infrastructure Fixed Charges and Site Infrastructure Charges that would have been billed if service had not been discontinued, except when service has been disconnected. The System Infrastructure Fixed Charge and Site Infrastructure Charge will be waived during each of those months. Retroactive billing shall be at SMUD's sole discretion.

*(End)*



# Outdoor Night Lighting Service Rate Schedule NLGT

## I. Applicability

This Rate Schedule NLGT applies to SMUD-owned and maintained outdoor overhead lighting service where Street Lighting Service Rate Schedule SLS does not apply. Service furnished under this schedule may be discontinued at any location where SMUD's overhead distribution facilities are relocated or converted to underground distribution facilities.

Lamps shall be supported on SMUD-owned poles that are used to carry distribution system circuits used for other SMUD purposes and shall be at locations approved by SMUD.

## II. Rate

	Effective as of May 1, 2025	Effective as of January 1, 2026	Effective as of January 1, 2027
<b>NLGT</b>			
<b>Electricity and Switching Charge</b> <i>\$ per watt of connected load</i>	\$0.0343	\$0.0353	\$0.0364

There will be a separate monthly charge for installation and maintenance of each fixture (including lamps, refractors, ballasts, photocells and other typical support equipment). These charges are based upon the installation of street lighting fixtures of a design specified by SMUD and mounted by means of varying length brackets affixed to existing wood poles that are used to carry distribution system circuits.

## III. Electricity Usage Surcharges

Refer to the following rate schedules for details on electricity surcharges that apply to all kWh usage.

A. **Hydro Generation Adjustment (HGA).** Refer to Rate Schedule HGA.

## IV. Lamp Servicing and Relocations

- A. Upon receipt of notice from the customer that light fails to operate as scheduled, SMUD will, within a reasonable period of time, make the necessary repairs.
- B. SMUD will, at the customer's request, relocate existing outdoor lighting service equipment, provided the customer reimburses SMUD for the relocation cost.

## V. Conditions of Service

- A. Service shall be alternating current at a frequency of approximately 60 hertz, single phase.
- B. Where new facilities are required in order to provide service for an applicant under this rate, SMUD may require a contract for service for a period not to exceed three years.
- C. Information on equipment that qualifies for this rate schedule and the associated monthly charge is available on the SMUD website, [www.smud.org](http://www.smud.org), or will be furnished upon request. SMUD will review this information at least annually and update as appropriate. SMUD retains the right to modify the listing of approved fixtures and lamps to accommodate changing technology or other business needs criteria.



## Outdoor Night Lighting Service Rate Schedule NLGT

### VI. Billing

#### A. Connected Load

The manufacturer's rating in watts (including all auxiliary equipment) will be used as connected load.

#### B. Proration of Charges

Charges are prorated when the billing period is less than 27 days, more than 34 days or spans more than one price. The Electricity Usage Charge will be prorated as shown in the following table.

Billing Circumstance	Basis for Proration
Bill period is shorter than 27 days	Relationship between the length of the billing period and 30 days
Bill period is longer than 34 days	
Price changes within bill period	Relationship between the length of the billing period and the number of days that fall within the respective pricing periods.

(End)



# Residential Service Rate Schedule R

## I. Applicability

This Rate Schedule R applies to single- and three-phase service for the following types of residential premises:

1. Individually metered residences including single-family homes, duplexes, apartments, and condominiums; and
2. General farm service where the meter also serves the residence or additional meters on a farm where the electricity consumed is solely for domestic purposes; and
3. Master-metered service to a qualifying multifamily accommodation or mobile home park that is submetered to all single-family units or individual mobile homes.

For the purposes of this schedule a “month” is considered to be a single billing period of 27 to 34 days.

### A. Fixed Rate (rate category RF01)

1. The Fixed Rate is the alternative rate to SMUD’s Time-of-Day (TOD) (5-8 p.m.) Rate (rate category RT02) under Rate Schedule R-TOD.
2. The Fixed Rate is required for customers serviced with analog meters and digital non-communicating meters.
3. Customers who qualify for Rate Schedule NEM1 and have an eligible renewable electrical generation facility that was approved for installation prior to January 1, 2018 are eligible to enroll in the Fixed Rate and may remain on the Fixed Rate after December 31, 2022.
4. Customers who have an eligible renewable electrical generation facility under Rate Schedule NEM1 that was approved for installation on or after January 1, 2018 are not eligible to enroll in the Fixed Rate.
5. Customers who have an eligible renewable electrical generation facility under Rate Schedule SSR are not eligible to enroll in the Fixed Rate.
6. Customers who have a storage facility without an associated eligible generating facility are not eligible to enroll in the Fixed Rate.
7. Customers who have master meters, including those enrolled on the RSMM rate category, are not eligible to enroll in the Fixed Rate.

### C. Master-Metered Multifamily Accommodation and Mobile Home Park Billing (Rate Category RSMM)

1. This rate is closed to new customers unless SMUD determines that it is not reasonable or feasible to provide service and meter the individual units directly.
2. The master-metered customer’s electricity consumption will be billed using the total kWh usage of the master-meter divided by the number of occupied single-family accommodations. The billing calculation will include applicable discounts to all kWh Usage Charges and System Infrastructure Fixed Charge (SIFC) for qualifying energy assistance and medical equipment discount program participants. The customer must advise SMUD within 15 days following any change in the number of occupied single-family accommodations wired for electric service.



# Residential Service Rate Schedule R

## II. Firm Service Rates

### A. Fixed Rate Customers (rate category RF01)

	Effective as of May 1, 2025	Effective as of January 1, 2026	Effective as of January 1, 2027
<b>Fixed Rate (RF01)</b>			
<b>Non-Summer Season (October - May)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	\$26.20	\$27.00	\$27.80
Electricity Usage Charge			
All kWh usage per month <i>\$/kWh</i>	\$0.1331	\$0.1371	\$0.1412
<b>Summer Season (June - September)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	\$26.20	\$27.00	\$27.80
Electricity Usage Charge			
All kWh usage per month <i>\$/kWh</i>	\$0.2126	\$0.2189	\$0.2255

### B. Master-Metered Multifamily Accommodation and Mobile Home Park Billing (Rate Category RSMM) Closed

	Effective as of May 1, 2025	Effective as of January 1, 2026	Effective as of January 1, 2027
<b>Master Metered Multifamily and Mobile Home Park Billing (Closed)</b>			
<b>Non-Summer Season (October - May)</b>			
System Infrastructure Fixed Charge <i>per month per unit</i>	\$26.20	\$27.00	\$27.80
Electricity Usage Charge			
All kWh usage per month <i>\$/kWh</i>	\$0.1476	\$0.1520	\$0.1566
<b>Summer Season (June - September)</b>			
System Infrastructure Fixed Charge <i>per month per unit</i>	\$26.20	\$27.00	\$27.80
Electricity Usage Charge			
All kWh usage per month <i>\$/kWh</i>	\$0.1690	\$0.1740	\$0.1792

## III. Electricity Usage Surcharges

Refer to the following rate schedule for details on electricity usage surcharges that apply to all kWh.

### A. Hydro Generation Adjustment (HGA). Refer to Rate Schedule HGA.

## IV. Rate Option Menu

A. Energy Assistance Program Rate. Refer to Rate Schedule EAPR.

B. Medical Equipment Discount Program. Refer to Rate Schedule MED.

C. Joint Participation in Medical Equipment Discount and Energy Assistance Programs. Refer to Rate Schedule MED.

D. Time-of-Day Rate. Refer to Rate Schedule R-TOD.

E. Standby Service Option



## Residential Service Rate Schedule R

Standby Service applies when all of the following conditions are met:

1. The customer has generation, sited on the customer's premises, that serves all or part of the customer's load; and
2. The generator(s) have a combined nameplate rating of less than 100 kW; and
3. The generator(s) are connected to SMUD's electrical system; and
4. SMUD is required to have resources available to provide supplemental service, backup electricity and/or to supply electricity during generator(s) maintenance service.

**Standby Service Charge - January 1 through December 31**  
**(\$/kW of Contract Capacity per month)**

Effective May 1, 2025	\$8.597
Effective January 1, 2026	\$8.855
Effective January 1, 2027	\$9.121

In addition to the Standby Service Charge, SMUD will continue to bill for all applicable charges under this rate schedule.

The Standby Charge will be waived only for qualifying renewable generation under Rate Schedules NEM1 and SSR. The Standby Service Charge applies to customers who install, interconnect, and operate their own electrical generation facility and equipment to self-supply all their own power needs as a microgrid service, where SMUD provides only backup electricity.

**F. Customer Energy Generation Option.** Refer to Rate Schedule NEM1.

**G. SMUD Renewable Energy Option**

SMUD offers optional programs that allow customers to receive renewable energy for an additional charge, detailed on [www.smud.org](http://www.smud.org).

**H. Special Metering Charge**

For customers who purchase and install additional equipment and software identified by SMUD meter specialists as necessary for load data collection and transfer to electronic media outside SMUD, SMUD will charge a monthly service fee to cover maintenance, software support and licensing fees. Payment for this nonstandard equipment and service will be made through provisions in Rule and Regulation 2, Section IV. Special Facilities. The fee schedule is available at SMUD's website, [www.smud.org](http://www.smud.org).

**I. Plug-In Electric Vehicle (PEV) Option.** Refer to Rate Schedule R-TOD.

**J. Residential Three-Phase Service Option**

This option is open to customers located in areas where three-phase service is available. A Special Facilities fee may be charged to cover the additional costs for providing this service. This charge is in addition to the SIFC.

**Three-Phase Service - January 1 through December 31**  
**(Special Facilities fee per month)**

Effective May 1, 2025	\$56.25
Effective January 1, 2026	\$57.95
Effective January 1, 2027	\$59.70



## Residential Service Rate Schedule R

### V. Billing

KWh usage may be prorated for nonstandard billing periods, when billing period spans a price change, and/or when the billing period spans more than one season. The monthly SIFC will be prorated when the bill period is shorter than 27 days. The following table shows the basis for the proration in these circumstances. The monthly System Infrastructure Fixed Charge is determined by the billing period end date.

Billing Circumstance	Basis for Proration
Bill period is shorter than 27 days (SIFC and kWh)	Relationship between the length of the billing period and 30 days.
Bill period is longer than 34 days (kWh)	
Seasons overlap and price changes within bill period	Relationship between the length of the billing period and the number of days that fall within the respective season or pricing periods.

*(End)*



# Residential Time-of-Day Service Rate Schedule R-TOD

## I. Applicability

This Rate Schedule R-TOD applies to single- and three-phase service for the following types of residential premises:

1. Individual or dual metered residences with digital communicating meter installed, including single-family homes, duplexes, apartments, and condominiums; and
2. General farm service where the meter also serves the residence or additional meters on a farm where the electricity consumed is solely for domestic purposes.
3. Customers who have an eligible renewable electrical generation facility under Rate Schedules NEM1 or SSR that was approved for installation by SMUD on or after January 1, 2018, or who establish service at a premises that has an electrical generation facility that is fueled by a renewable fuel source on or after January 1, 2018 must be on this Rate Schedule R-TOD.

Master-metered service to a qualifying multifamily accommodation or mobile home parks are not eligible for Time-of-Day rates under rate schedule R-TOD.

For the purposes of this schedule a “month” is considered to be a single billing period of 27 to 34 days.

### A. Time-of-Day (5-8 p.m.) Rate (rate category RT02)

1. The TOD (5-8 p.m.) Rate is the standard rate for SMUD’s residential customers. Eligible customers can elect the Fixed Rate under Rate Schedule R as an alternative rate.
2. This rate has five kilowatt-hour (kWh) prices, depending on the time-of-day and season as shown in Section V. Conditions of Service along with the holidays.

### B. Optional Time-of-Day (Low Use) Rate (rate category RTL1)

1. The Time-of-Day (Low Use) Rate is an optional rate for residential customers that use a low amount energy. Customers must have a panel size less than or equal to 125 amps to be eligible for this rate. This optional rate will be available as of January 1, 2026.
2. This rate has five kilowatt-hour (kWh) prices, depending on the time-of-day and season as shown in Section V. Billing Periods along with the holidays.

### C. Optional Critical Peak Pricing (CPP) Rate (rate category RTC1)

1. The CPP rate is available for customers who are participating in a qualifying program. Customers that have accepted a storage incentive under certain Solar and Storage Rate incentive programs are required to enroll in this rate for a duration as determined by SMUD program rules posted on [www.smud.org](http://www.smud.org).
2. A maximum of 30,000 customers may be enrolled in this rate at any given time.
3. CPP Events may range from one to four hours, but not more than once per day. CPP Events may be called during any hour of the day during summer months, including holidays and weekends, up to 50 hours per summer. CPP Events may span multiple time-of-day periods.
4. CPP Events will be announced by SMUD a day in advance. However, in the event of a system emergency, announcements may occur the same day as the event.
5. This rate has five kilowatt-hour (kWh) prices, depending on the time-of-day and season as shown in Section V. Conditions of Service along with the holidays.



# Residential Time-of-Day Service Rate Schedule R-TOD

## II. Firm Service Rates

### A. Time-of-Day (5-8 p.m.) Rate

	Effective as of May 1, 2025	Effective as of January 1, 2026	Effective as of January 1, 2027
<b>Time-of-Day (5-8 p.m.) Rate (RT02)</b>			
<b>Non-Summer Season (October - May)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	\$26.20	\$27.00	\$27.80
Electricity Usage Charge			
Peak <i>\$/kWh</i>	\$0.1724	\$0.1776	\$0.1829
Off-Peak <i>\$/kWh</i>	\$0.1248	\$0.1285	\$0.1324
<b>Summer Season (June - September)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	\$26.20	\$27.00	\$27.80
Electricity Usage Charge			
Peak <i>\$/kWh</i>	\$0.3655	\$0.3765	\$0.3878
Mid-Peak <i>\$/kWh</i>	\$0.2077	\$0.2139	\$0.2203
Off-Peak <i>\$/kWh</i>	\$0.1505	\$0.1550	\$0.1596

### B. Optional Time-of-Day (Low Use) Rate

	Effective as of May 1, 2025	Effective as of January 1, 2026	Effective as of January 1, 2027
<b>Time-of-Day (Low Use) Rate (RTL1)</b>			
<b>Non-Summer Season (October - May)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	n/a	\$17.00	\$17.00
Electricity Usage Charge			
Peak <i>\$/kWh</i>	n/a	\$0.2148	\$0.2231
Off-Peak <i>\$/kWh</i>	n/a	\$0.1654	\$0.1718
<b>Summer Season (June - September)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	n/a	\$17.00	\$17.00
Electricity Usage Charge			
Peak <i>\$/kWh</i>	n/a	\$0.4154	\$0.4314
Mid-Peak <i>\$/kWh</i>	n/a	\$0.2514	\$0.2610
Off-Peak <i>\$/kWh</i>	n/a	\$0.1920	\$0.1993

### C. Optional Critical Peak Pricing Rate

1. The CPP Rate base prices per time-of-day period are the same as the prices per time-of-day period for TOD (5-8 p.m.).
2. The CPP Rate provides a discount per kWh on the Mid-Peak and Off-Peak prices during summer months.
3. During CPP Events, customers will be charged for energy used at the applicable time-of-day period rate plus the CPP Rate Event Price per kWh as shown on [www.smud.org](http://www.smud.org).



## Residential Time-of-Day Service Rate Schedule R-TOD

4. During CPP Events, energy exported to the grid will be compensated at the CPP Rate Event Price per kWh as shown on [www.smud.org](http://www.smud.org).
5. The CPP Rate Event Price and discount will be updated annually at SMUD's discretion and posted on [www.smud.org](http://www.smud.org).

### D. Plug-In Electric Vehicle Credit (rate categories RT02, RTL1 and RTC1)

This credit is for residential customers who have a licensed passenger battery electric plug-in or plug-in hybrid electric vehicle.

Credit applies to all electricity usage charges from midnight to 6:00 a.m. daily.

Electric Vehicle Credit..... ~~-\$0.0150~~/kWh

## III. Electricity Usage Surcharges

Refer to the following rate schedules for details on these surcharges.

- A. **Hydro Generation Adjustment (HGA).** Refer to Rate Schedule HGA.

## IV. Rate Option Menu

- A. **Energy Assistance Program Rate.** Refer to Rate Schedule EAPR.
- B. **Medical Equipment Discount Program.** Refer to Rate Schedule MED.
- C. **Joint Participation in Medical Equipment Discount and Energy Assistance Program Rate.** Refer to Rate Schedule MED.
- D. **Standby Service Option**

Standby Service applies when all of the following conditions are met:

1. The customer has generation, sited on the customer's premises, that serves all or part of the customer's load; and
2. The generator(s) have a combined nameplate rating less than 100 kW; and
3. The generator(s) are connected to SMUD's electrical system; and
4. SMUD is required to have resources available to provide supplemental service, backup electricity and/ or to supply electricity during generator(s) maintenance service.

**Standby Service Charge - January 1 through December 31**  
**(\$/kW of Contract Capacity per month)**

Effective May 1, 2025	\$8.597
Effective January 1, 2026	\$8.855
Effective January 1, 2027	\$9.121

In addition to the Standby Service Charge, SMUD will continue to bill for all applicable charges under this rate schedule.

The Standby Service Charge will be waived only for qualifying renewable generation under Rate Schedules NEM1 and SSR. The Standby Service Charge applies to customers who install, interconnect, and operate their own electrical generation facility and equipment to self-supply all their own power needs as a microgrid service, where SMUD provides only backup electricity.

- E. **Customer Energy Generation Options.** Refer to Rate Schedules NEM1 and SSR.

### F. SMUD Renewable Energy Option

SMUD offers optional programs that allow customers to receive renewable energy for an additional charge, detailed on [www.smud.org](http://www.smud.org)



## Residential Time-of-Day Service Rate Schedule R-TOD

### G. Special Metering Charge

For customers who purchase and install additional equipment and software identified by SMUD meter specialists as necessary for load data collection and transfer to electronic media outside SMUD, SMUD will charge a monthly service fee to cover maintenance, software support and licensing fees. Payment for this nonstandard equipment and service will be made through provisions in Rule and Regulation 2, Section IV. Special Facilities. The fee schedule is available at SMUD's website, [www.smud.org](http://www.smud.org).

### H. Residential Three-Phase Service Option

This option applies to customers located in areas where three-phase service is available. A Special Facilities fee may be charged to cover the additional costs for providing this service. This charge is in addition to the System Infrastructure Fixed Charge.

#### Three-Phase Service - January 1 through December 31 (Special Facilities fee per month)

Effective May 1, 2025	\$56.25
Effective January 1, 2026	\$57.95
Effective January 1, 2027	\$59.70

## V. Billing Periods

### A. Time-of-Day Billing Periods

<b>Summer (Jun 1 - Sept 30)</b>	<b>Peak</b>	Weekdays between 5:00 p.m. and 8:00 p.m.
	<b>Mid-Peak</b>	Weekdays between noon and midnight except during the Peak hours.
	<b>Off-Peak</b>	All other hours, including weekends and holidays.
<b>Non-Summer (Oct 1 - May 31)</b>	<b>Peak</b>	Weekdays between 5:00 p.m. and 8:00 p.m.
	<b>Off-Peak</b>	All other hours, including weekends and holidays.

Off-Peak pricing shall apply during the following holidays:

<u>Holiday</u>	<u>Month</u>	<u>Date</u>
New Year's Day	January	1
Martin Luther King Jr. Day	January	Third Monday
Presidents Day	February	Third Monday
Memorial Day	May	Last Monday
Juneteenth National Independence Day	June	19
Independence Day	July	4
Labor Day	September	First Monday
Indigenous Peoples' Day/Columbus Day	October	Second Monday
Veterans Day	November	11
Thanksgiving Day	November	Fourth Thursday
Christmas Day	December	25



**Residential Time-of-Day Service  
Rate Schedule R-TOD**

**VI. Billing**

**A. Proration of Charges**

The electricity usage charge will not be prorated, regardless of the number of days in the billing period or the spanning of multiple seasons. The monthly System Infrastructure Fixed Charge will be prorated when the bill period is shorter than 27 days as shown in the following table. The monthly System Infrastructure Fixed Charge is determined by the billing period end date.

Billing Circumstance	Basis for Proration
Bill period is shorter than 27 days	Relationship between the length of the billing period and 30 days.

*(End)*



# Street Lighting Service Rate Schedule SLS

## I. Applicability

This Rate Schedule SLS applies to outdoor lighting service facilities for:

1. Streets; and
2. Highways, and bridges; and
3. Public parks; and
4. Elementary schools, secondary schools, and colleges.

This schedule covers the following service categories:

- **Customer-Owned and Maintained — Rate Category SL\_COM**
- **Customer-Owned and Maintained, Metered — Rate Category SL\_COM\_M**
- **Customer-Owned, SMUD (District)-Maintained — Rate Category SL\_CODM**
- **SMUD (District)-Owned and Maintained — Rate Category SL\_DOM**

For the purposes of the following prices a "month" is considered to be a single billing period of 27 to 34 days.

## II. Customer-Owned and Maintained — Rate Category SL\_COM

Where the customer owns and maintains the street lighting equipment, SMUD will furnish electricity and switching. This rate is available to customers that are not eligible for the default SL\_COM\_M metered rate or as determined by SMUD. Effective the first full billing cycle after the following date(s), the charge will be as follows:

	Effective as of May 1, 2025	Effective as of January 1, 2026	Effective as of January 1, 2027
<b>SL_COM</b>			
<b>Electricity and Switching Charge</b> <i>\$ per watt of connected load</i>	\$0.0343	\$0.0353	\$0.0364

## III. Customer-Owned and Maintained, Metered — Rate Category SL\_COM\_M

Eligible street lighting customers requesting new installations of lamps or additions of new lamps to existing accounts will default to the metered SL\_COM\_M rate. Eligible street lighting customers will be served under the default rate or as determined by SMUD.

Where the customer owns and maintains street lighting equipment, that is controlled to **operate solely during dusk to dawn hours**, SMUD will furnish electricity, the meter, and switching. The charges will be as follows:

	Effective as of May 1, 2025	Effective as of January 1, 2026	Effective as of January 1, 2027
<b>SL_COM_M</b>			
<b>System Infrastructure Fixed Charge</b> <i>per month per meter</i>	\$11.95	\$12.30	\$12.70
<b>Electricity Usage Charge</b> <i>All day \$/kWh</i>	\$0.1031	\$0.1062	\$0.1093



# Street Lighting Service Rate Schedule SLS

## IV. Customer-Owned, SMUD (District)-Maintained — Rate Category SL\_CODM (Closed to new customers and installations)

This rate is closed to new customers and installations effective January 23, 2014. Where the customer owns the street lighting equipment and SMUD supplies electricity, switching and, lamp servicing and maintenance, such service will be rendered for lamps and fixtures of sizes and types as SMUD has approved. Effective the first full billing cycle after the following date(s), the charge will be as follows:

	Effective as of May 1, 2025	Effective as of January 1, 2026	Effective as of January 1, 2027
<b>SL_CODM (closed)</b>			
<b>Electricity and Switching Charge</b> <i>\$ per watt of connected load</i>	\$0.0343	\$0.0353	\$0.0364

There is a separate monthly charge for maintaining each fixture and/or lamp. SMUD maintains a list of acceptable lamps and fixture types with standard ratings and the corresponding monthly maintenance charge.

This service is restricted to SMUD-approved locations.

## V. SMUD (District)-Owned and Maintained — Rate Category SL\_DOM

Where the customer requests that SMUD own, install, operate, and maintain the entire street lighting system, such service will be provided with fixtures and lamps of sizes and types as approved by SMUD. This rate is restricted to streets that are defined as right-of-way held in public trust, and maintained by the applicable governmental jurisdiction. At SMUD's sole discretion, streets not readily accessible to the general public will be served under the customer owned and maintained rates only.

There will be a separate monthly charge for installation and maintenance of each fixture (including lamps, refractors, ballasts, photocells and other typical support equipment). These charges are based on the installation of street lighting fixtures of a design specified by SMUD and mounted by means of varying length brackets affixed to poles that are used to carry distribution system circuits.

When additional or alternative facilities are installed at the customer's request, monthly charges will be assessed according to SMUD's published charge schedule.

### A. Pricing

Effective the first full billing cycle after the following date(s), the charge will be as follows:

	Effective as of May 1, 2025	Effective as of January 1, 2026	Effective as of January 1, 2027
<b>SL_DOM</b>			
<b>Electricity and Switching Charge</b> <i>\$ per watt of connected load</i>	\$0.0343	\$0.0353	\$0.0364

### B. Relocations and Changes

At the customer's request, SMUD may, at its sole discretion, relocate existing equipment provided the customer reimburses net expense to SMUD incurred in connection therewith, including appropriate engineering and general expense.

At the customer's request, SMUD may, at its sole discretion, replace existing equipment with new equipment prior to expiration of the existing equipment's service life, provided the customer pays to SMUD an amount equal to the unrecovered cost, less



# Street Lighting Service Rate Schedule SLS

salvage value, of the existing equipment to be retired and executes a fifteen-year contract for service effective with installation of the new equipment.

## C. New Service

New service will require an initial contract term of 15 years effective with installation of the service. If service is terminated before the contract term, the customer will be responsible for an amount equal to the unrecovered cost, less salvage value, of the equipment installed.

## VI. Electricity Usage Surcharges

Refer to the following rate schedules for details on electricity usage surcharges that apply to all kWh.

A. **Hydro Generation Adjustment (HGA).** Refer to Rate Schedule HGA.

## VII. Conditions of Service

- A. Service will be alternating current at a frequency of approximately 60 hertz, single phase, at voltages specified by SMUD. Lamps shall be controlled to operate from dusk to dawn each night so as to give approximately 4,000 hours of lighting service annually.
- B. When a customer requests that SMUD finance as well as install customer-owned street lighting equipment, provisions of Rule and Regulation 2 apply.
- C. Information on equipment that qualifies for rates on this schedule and the associated monthly charges is available, on SMUD's website, [www.smud.org](http://www.smud.org), or will be furnished upon request. SMUD will review this information at least once per year and update as necessary for additional approved equipment, technology improvements and pricing changes.
- D. SMUD will furnish a meter to provide service under the metered rate categories.

## VIII. Billing

A. The manufacturer's rating in watts (including all auxiliary equipment) will be used as connected load.

### B. Proration of Charges (SL\_DOM, SL\_COM, and SL\_CODM)

Billing periods for nonstandard lengths will be billed as follows:

- 1. Service connected for 15 or more days during a billing period will be billed for a full month's service.
- 2. Service connected for 1-14 days during a billing period will not be billed for such partial month's service.
- 3. Service discontinued for 15 or more days during a billing period will not be billed for such partial month's service.
- 4. Service discontinued for 1-14 days during a billing period will be billed for a full month's service.



## Street Lighting Service Rate Schedule SLS

### C. Proration of Charges (SL\_COM\_M)

Charges are prorated when the billing period is less than 27 days, more than 34 days or spans more than one price. The System Infrastructure Fixed Charge will be prorated as shown in the following table.

Billing Circumstance	Basis for Proration
Bill period is shorter than 27 days	Relationship between the length of the billing period and 30 days.
Bill period is longer than 34 days	
Price changes within bill period	Relationship between the length of the billing period and the number of days that fall within the respective pricing periods.

*(End)*



# Traffic Control Intersection Lighting Service Rate Schedule TC ILS

## I. Applicability

This Rate Schedule TC ILS applies to electric service for the benefit of cities, counties, and other public agencies for pedestrian and vehicular traffic signal units, together with related control devices for the purpose of traffic safety and management and associated intersection lighting where the mounting, standards, control supports, signal equipment, and luminaires are owned and maintained by the customer.

For the purposes of this schedule a "month" is considered to be a single billing period of 27 to 34 days.

## II. Rates (Rate Categories TS\_F, TS)

	Effective as of May 1, 2025	Effective as of January 1, 2026	Effective as of January 1, 2027
<b>TS_F, TS</b>			
<b>System Infrastructure Fixed Charge</b> <i>for metering point per month or portion thereof</i>	\$7.09	\$7.30	\$7.52
<b>Electricity Usage Charge</b> <i>All day \$/kWh</i>	\$0.1294	\$0.1333	\$0.1373

## III. Electricity Usage Surcharges

Refer to the following rate schedules for details on electricity surcharges that apply to all kWh usage.

**A. Hydro Generation Adjustment (HGA).** Refer to Rate Schedule HGA.

## IV. Conditions of Service

1. Service shall be alternating current, at a frequency of approximately 60 hertz, single phase, at secondary voltages specified by SMUD, and at service points mutually agreed upon between the customer and SMUD.
2. Lamps for intersection lighting shall be controlled to operate from dusk to dawn each night so as to give approximately 4,000 hours of lighting service annually.
3. Where the monthly consumption of electricity is consistently small or can be predetermined with reasonable accuracy by reference to the capacity of equipment served and the hours of operation, SMUD may, with customer's consent, calculate electricity consumed in lieu of providing metering equipment (TS\_F).

## V. Billing

For billing periods of less than 27 days or more than 34 days, System Infrastructure Fixed Charges will be prorated on the basis of the relationship between the length of the billing period and 30 days. No proration will be made on first-time billing when the total period of service is less than 30 days.

(End)



# Traffic Signal Service Rate Schedule TSS (*Closed to new customers*)

## I. Applicability

This Rate Schedule TSS applies to electric service for pedestrian and vehicular traffic signal units, together with related control devices where the mounting standards, control supports, and signal equipment are owned and maintained by the customer.

For the purposes of this schedule a “month” is considered to be a single billing period of 27 to 34 days.

## II. Rate (Rate Category SL\_TSF)

### Monthly Charges

	Effective as of May 1, 2025	Effective as of January 1, 2026	Effective as of January 1, 2027
<b>SL_TSF</b>			
For units not larger than 70 watts or connected load and not exceeding three lamps per unit, the monthly charge <b>per unit</b> per month	\$5.14	\$5.29	\$5.45
For units larger than 70 watts or connected load and not exceeding three lamps per unit, the monthly charge <b>per lamp per watt</b>	\$0.0360	\$0.0371	\$0.0382
Total charge per month being not less than	\$5.14	\$5.29	\$5.45

## III. Electricity Usage Surcharges

Refer to the following rate schedules for details on electricity surcharges that apply to all kWh usage.

**A. Hydro Generation Adjustment (HGA).** Refer to Rate Schedule HGA.

## IV. Conditions of Service

1. Service shall be alternating current, at a frequency of approximately 60 hertz, single phase, at secondary voltages specified by SMUD.
2. No additional service will be provided by SMUD under Rate Schedule TSS. Upon notification by SMUD and installation of metering facilities, individual accounts will be transferred from Rate Schedule TSS to Rate Schedule TC ILS.

## V. Billing

### A. Connected Load

“Connected load” as used in this rate schedule shall be the sum of the capacities of all of the customer’s equipment that may be operated from SMUD’s lines at the same time.

### B. Billing Periods of Nonstandard Length

Billing periods of nonstandard length will be billed as follows:

1. Service connected for 15 or more days during a billing period will be billed for a full month’s service.
2. Service connected for 1-14 days during a billing period will not be billed for such partial month’s service.
3. Service discontinued for 15 or more days during a billing period will not be billed for such partial month’s service.
4. Service discontinued for 1-14 days during a billing period will be billed for a full month’s service.

(End)



# Billing, Payment of Bills, and Credit

## Rule and Regulation 6

### I. Billing Period

Customer bills will normally be rendered for scheduled billing periods of approximately one month. For the purposes of prices, a "month" is considered to be a single billing period of 27 to 34 days. Bills for electric service will be based upon 1) electronic meter data, 2) meter readings where the customer has opted-out of smart metering, or 3) estimates as provided in section II. below.

### II. Metering for Billing Purposes and Use of Estimated Consumption

Data from two or more meters will not be combined for billing purposes unless SMUD determines it is necessary or convenient to do so.

Where the monthly consumption of electricity is consistently small or can be predetermined with reasonable accuracy by reference to the capacity of equipment served and the hours of operations, SMUD may, with customer's consent, calculate electricity consumed in lieu of providing metering equipment (Rate Category GFN).

Where metering equipment fails or an accurate meter reading is not obtained, SMUD may estimate demand or energy, or both, for the period of service involved and use such estimates in computing a bill, in accordance with Rule and Regulation 17.

### III. Use of Contract Capacity for Billing

Where a customer has requested dedicated service, or is utilizing less than 50 percent of equipment sized specifically to meet the customer's load, or requires service of 10 MW or greater, SMUD may, at its sole discretion, ensure cost recovery (or marginal cost recovery for equipment utilization of less than 50 percent) of the distribution facilities capacity by billing the Site Infrastructure Charge based on the applicable Contract Capacity.

### IV. Payment of Bills

All customer bills are payable upon presentation to the customer. Payment shall be made 1) at the office of SMUD, or 2) at any of the pay stations that SMUD may designate, or 3) to any of its duly authorized collectors, or 4) by customer initiated electronic means, or 5) by SMUD customer assisted electronic means. Customer bills, with the exception of public entities, that remain unpaid 19 business days from the date of issuance will be regarded as delinquent. SMUD may thereafter discontinue service for unpaid electric service bills in accordance with Rule and Regulation 11 or take such other appropriate action as may be necessary. Payments are first applied to all electric service bill amounts owing and then to non-electric bill amounts. Special bills or bills rendered to persons discontinuing service or vacating the premises shall be paid on presentation.

Public entity customer bills that remain unpaid 30 business days from the date of issuance will be regarded as delinquent.

"Public entity" includes Federal agencies, State of California, University of California, California State University, a county, city, district, special district, public authority, public agency and any other political subdivision of the State of California.

### V. Payment of Delinquent Bills

SMUD has the right to transfer a customer's unpaid charges for electric service to an active bill prior to being assigned to a collection agency.

Service may be refused or discontinued pursuant to Rule and Regulation 11 until all unpaid charges for electric service to applicant at all locations have been paid or have otherwise been discharged, or have been barred by the statute of limitations, except that residential service may not be refused or discontinued because of nonpayment of bills for other classes of service or nonelectric bill amounts.

### VI. Establishment of Credit

#### A. Residential Customers

Residential credit will be deemed established without benefit of a cash deposit, pursuant to Rule and Regulation 3, until such time as the residential customer fails to maintain credit to SMUD's satisfaction.



# Billing, Payment of Bills, and Credit Rule and Regulation 6

## B. Commercial Customers

Commercial customers may:

1. Pay a cash deposit; or
2. Furnish a bond satisfactory to SMUD; or
3. Provide evidence of previous commercial utility service in the exact same name with either SMUD or a gas or another electric utility within the last 12 months where credit was established and maintained within SMUD's criteria. If such evidence is not supplied within 10 days of the service start date or if SMUD determines that it is not accurate, SMUD can require a deposit as a condition of further service.

## VII. Maintenance of Credit

A customer's credit may be deemed to be no longer maintained to SMUD's satisfaction if such customer has 1) one or more delinquent bill payments during the last 12 months, 2) one or more returned payments in the last 12 months, 3) been disconnected for nonpayment, 4) defaulted on an installment, or 5) an unpaid closed account. Identification information, including social security numbers, of customers with delinquent accounts may be reported to credit reporting agencies as part of the customary collection practice.

A customer receiving service may be required to re-establish credit in the event conditions of service or conditions affecting the customer's credit have materially changed.

## VIII. Deposit Required Where Credit Not Established or Maintained

Where a customer or an applicant for service does not satisfactorily establish and maintain credit in accordance with sections VI. and VII. a deposit may be required as security for the payment of bills. SMUD may, in accordance with Rule and Regulation 11, discontinue service if the customer fails to make such deposit as requested by SMUD. The amount of such deposit for residential and commercial customers shall be the greater of 1) twice the highest estimated monthly bill or twice the highest actual customer bill; or 2) twice the average residential class monthly bill for the preceding three years, rounded to the nearest \$10, as determined and set annually by SMUD.

## IX. Deposit Retention and Interest

Deposits will normally be held for a minimum of 12 months for residential and nonresidential classes of service. Deposits will be credited to the customer's account at the end of the deposit period, or earlier, at SMUD's option, if the customer has maintained credit to SMUD's satisfaction as outlined in section VII.

For active deposits, interest will be credited to the customer's account annually. The deposit must be active for 180 calendar days before interest is paid. Each February, May, August, and November the interest rate will be recalculated to the nearest full percentage below the average Six-Month U.S. Treasury Bill yield for the previous three months. Interest is prorated based on the interest rate(s) in effect from the effective date of the deposit or from the last interest paid date, whichever is later, to the review date.

Upon termination of service, SMUD will return the deposit and any accrued interest less the amount of any unpaid charges. Interest on deposits will be paid on the date of the return of the deposit or on the date of its application to the customer's account.

## X. Dishonored Payments

When checks or electronic funds transfers are received as payment for electric bills, deposits or other charges, and are subsequently dishonored or rejected by the bank, SMUD may require a fee in addition to redemption of the amount of the original check or electronic funds transfer. Dishonored payments and related charges must be redeemed and paid immediately in certified funds or SMUD may thereafter discontinue service in accordance with Rule and Regulation 11 or take other appropriate action as necessary. SMUD reserves the right to determine the form of acceptable payment. SMUD will set the fee for dishonored payments annually based on average costs.



## Billing, Payment of Bills, and Credit Rule and Regulation 6

Certified funds to include, but may not be limited to:

- Cash
- Credit card payment authorized by credit card provider
- Cashier's check
- Money order

### **XI. Late Payment Charge**

A one-time late fee of 1.5 percent may be applied to the current amount due portion of a customer's bill if the customer's full payment is not received by the end of the third business day after the due date indicated on the customer bill. The total unpaid balance must be equal to or greater than \$10.00 before a late fee is applied.

### **XII. Delinquent Accounts**

In the event a SMUD representative must make a field call or mail a disconnection notice to effect collection of a delinquent electric service bill, deposit or other charges, the customer may be required to pay a field service charge in addition to the delinquent amount. Service may be discontinued pursuant to Rule and Regulation 11 if this charge is not paid at the time of collection or by the due date of the disconnection notice. Upon restoration of a service disconnected for non-payment, the past due amount, in addition to any other related charges, must be paid in certified funds only. SMUD reserves the right to consider other payment methods as deemed appropriate. SMUD will annually set the charge for field service on delinquent accounts based on average costs.

### **XIII. Subordination Fee**

The cost of subordination will be charged to the property owner for each subordination required in a real estate transaction where SMUD has a recorded UCC-1 filing resulting from a SMUD energy efficiency loan. The subordination fee will be established to recover SMUD's average cost of subordination and may be revised from time to time to reflect changes in subordination costs.

### **XIV. Customer Service Assisted Payment Fee**

A customer service assisted payment is the result of a SMUD representative drafting customer bill payment(s) from a credit card, checking account or savings account. When a customer requests for the payment of any bill owed to SMUD a customer service assisted payment there will be a transaction fee. The transaction fee is based on the average cost of providing such service. Fee schedules are available at the SMUD website, [www.smud.org](http://www.smud.org).

*(End)*



# **Extension of Facilities to Nonresidential Premises**

## **Rule and Regulation 16**

### **I. Conditions of Service**

Applicants for new and upgraded electric service will be required to provide SMUD sufficient advance notice so that service can be rendered by the time such service is desired. By applying for or accepting service from SMUD, a customer agrees to abide by all of SMUD's rates, rules and regulations concerning such service, to provide any rights of way across the customer's own property that SMUD may deem necessary to supply such service, and to cooperate with SMUD in its construction and maintenance of the facilities needed for such service. SMUD may bill the customer for any costs resulting from the customer's failure to comply with the provisions of this paragraph. This rule and regulation shall also apply to public agencies and developments with both nonresidential and residential mixed-use electric service.

### **II. Extensions of SMUD Distribution Facilities**

Line extensions of electric distribution facilities to the boundary of a nonresidential development (at standard voltages specified in Rule and Regulation 2) will normally be constructed, owned, and maintained by SMUD at its expense. Line extensions will be subject to the provisions of SMUD's rules and regulations and the provisions of the applicable rates.

### **III. Overhead Distribution Facilities within a Development**

Generally, overhead facilities will not be extended into new developments. However, when they are extended SMUD will construct, own, and maintain all necessary overhead facilities required to provide service.

### **IV. Underground Distribution Facilities within a Development**

The developer of a nonresidential development will, in accordance with SMUD's specifications:

- a. Perform all necessary excavating and backfilling, including furnishing of any imported backfill material required.
- b. Furnish and install the underground duct system (including necessary conduits, ducts, manholes, vaults, switchgear, pads, and concrete encasement of conduit where required).
- c. Transfer ownership of such facilities to SMUD upon acceptance by SMUD. In the case of approved residential high rise construction, ownership and maintenance of secondary to final service voltage equipment within the customer's building will remain the responsibility of the customer. The customer shall provide open and free access to SMUD meters in designated panel locations throughout the building.
- d. The developer will deposit with SMUD 100 percent of the Cost of SMUD-installed facilities upon completion of the system design and prior to system installation. At the discretion of SMUD, Cost may be determined by application of standard unit costing or by job specific estimates. Standard unit costing may be reviewed and updated at SMUD's discretion. SMUD may extend at its option, financing terms for no longer than 12 months for no more than 50 percent of the Cost. Availability of the financing option will depend on the financial viability and credit-worthiness of the firm, as determined by SMUD. These costs are limited to SMUD's costs of providing distribution facilities within the boundaries of the development and the development-related distribution facilities adjacent to the development. For customers with connected loads of 1 megawatt and greater, these costs will include costs related to the last transformation before delivery to the customer, whether that transformation is from an off-site distribution substation or an on-site SMUD-dedicated substation. SMUD will supply, install, own, and maintain all conductors, switchgear, transformers, and related equipment for the secondary and primary distribution system.
- e. If the applicant does not, within 12 months from the date on which SMUD provided a commitment for service, complete construction so that SMUD facilities can be installed, work authorizations under this rule may be canceled along with any related jobs. The on-site development cost shall be subject to increase in accordance with any change in this rule.
- f. Pay SMUD a nonrefundable design fee at the time of project submittal to SMUD. SMUD may require additional fees as needed to accommodate change-orders or unanticipated design costs.



# Extension of Facilities to Nonresidential Premises

## Rule and Regulation 16

### V. SMUD Cost for Distribution Systems

The developer of a non-residential development with an estimated demand of at least 300kW as determined by SMUD is eligible for certain offsets of costs in accordance with the following specifications:

- a. Based on Section IV(D), SMUD will supply, install, own, and maintain all conductors, transformers, and related equipment for the secondary and primary distribution system.
- b. SMUD will apply a Per kW Offset Amount to offset the developer Cost for the SMUD-installed facilities and distribution system.
- c. The estimated kW demand for the Per kW Offset Amount will be determined by SMUD based on diversified load.
- d. The developer furnished and installed underground duct system (including necessary conduits, ducts, manholes, vaults, equipment, pads, and concrete encasement of conduit where required), are not eligible for the Per kW Offset Amount.
- e. The developer will not receive an offset of more than 100% of the SMUD total cost for the SMUD-installed facilities and distribution system.
- f. The Per kW Offset Amount is determined by SMUD annually based on system impact and budget.

### VI. Service at Secondary Voltage

#### A. Overhead Service

In those areas where it has been determined that SMUD will continue to serve its customer's overhead distribution and where SMUD's distribution pole line is located on a street, highway, lane, alley, road, or private easement immediately contiguous to the customer's premises, SMUD will, at its expense, furnish, install, and own a service drop from its pole line to the nearest point of attachment to the customer's building or other permanent support provided by the customer, at a point to be approved by SMUD.

#### B. Underground Service

In designated underground areas, SMUD will connect to underground service runs furnished, installed, owned, and maintained by the customer, at the customer's expense, at a service location specified by SMUD. Service run facilities shall include conductor to reach the service location, shall be subject to applicable City and County ordinances, and shall be subject to approval by SMUD as to design and specifications. No customer will be required to install facilities they own and maintain beyond a location in the public utility right of way adjacent to their property. Cost recovery of underground distribution facilities within a development will conform to the provisions of section IV. of this Rule and Regulation.

### VII. Service at Primary or Subtransmission Voltage

Wherever adequate service to a customer requires and where, in SMUD's judgment, it is desirable and practicable to do so, SMUD will install on the customer's premises a primary or subtransmission voltage supply line. This supply line will extend to the metering installations or other terminal point, as designated by SMUD.

#### A. Overhead Conductors

Where the supply line is to be overhead, SMUD will, at its expense, furnish and install the entire line and will make the necessary connections.

#### B. Underground Conductors

Where the customer requests and SMUD agrees, or where SMUD determines that the primary or subtransmission voltage supply line be underground or otherwise in conduit, in whole or in part, the customer shall furnish and install the entire conduit system including manholes, pull boxes, and pull wires as designated by SMUD. All such facilities shall be subject to approval by SMUD as to design and specifications. No customer will be required to install facilities beyond a location in the public utility right of way adjacent to the customer's property. SMUD will furnish and install the electrical conductors and make the necessary connections. Cost recovery of underground distribution facilities within a development will conform to the provisions of section IV. of this Rule and Regulation.



# **Extension of Facilities to Nonresidential Premises**

## **Rule and Regulation 16**

### **VIII. Service Connections**

SMUD will not connect to any one building more than one service for each voltage classification, either overhead or underground, except for SMUD's operating convenience, or where, in SMUD's judgment, such additional services may be warranted because of the load requirements, or where the customer is required by law to install emergency lighting facilities. Connections of such service to or disconnection of such service from SMUD's lines shall be made only by authorized SMUD employees.

### **IX. Requests for Change in Service Voltage**

Where the customer requests and SMUD consents, a change in service voltage may occur provided that all SMUD costs including unrecovered costs less salvage value, relocation costs, and site restoration costs are at the requesting customer's expense. Such change may involve all voltage level classes as defined under the applicable general service rate schedule.

### **X. Extensions for Temporary Service**

Extension for temporary service will be made under the provisions of Rule and Regulation 13, Temporary Service.

### **XI. SMUD Ownership of Facilities, Right of Access, and Right of Way**

All facilities installed on a customer's premises, including but not limited to conductors, transformer, poles, meters, etc., which SMUD furnishes in order to render electric service, shall remain the sole property of SMUD. SMUD will maintain such facilities and shall have the right of access to the customer's premises, without payment of any charge or rent therefore, at all reasonable hours for any purpose related to the furnishing of electric service. This shall include but is not limited to meter reading, testing, inspection, construction, maintenance, and repair of facilities. Upon termination of service, and for a reasonable period thereafter, SMUD shall have the right of access to the customer's premises to remove its facilities installed thereon. The customer shall grant to SMUD rights of way and rights of access, satisfactory to SMUD, for the installation and maintenance of the necessary electrical conductors and their connections.

### **XII. Customer Responsibility for Facilities**

#### **A. SMUD Facilities**

The customer shall exercise reasonable care to prevent facilities of SMUD installed on the customer's premises from being damaged or destroyed and shall refrain from tampering or interfering with such facilities, and if any defect therein is discovered by the customer, the customer shall promptly notify SMUD thereof.

#### **B. Customer Facilities**

The customer shall be solely responsible for the transmission and delivery of all electric energy over or through the customer's wires and equipment, and SMUD shall not be responsible for any loss or damage occasioned thereby. The customer shall be responsible for the installation and maintenance of all facilities not transferred to SMUD ownership, including customer-owned conduits, manholes, and vaults.

*(End)*



**RESOLUTION NO. \_\_\_\_\_**

**WHEREAS**, on March 20, 2025, the Chief Executive Officer and General Manager released the “Chief Executive Officer and General Manager’s Report and Recommendation on Open Access Transmission Tariff, *Volume 1*” (the “OATT Report”), which Report is incorporated by reference herein and made a part hereof; and

**WHEREAS**, by Resolution 25-03-03, adopted March 20, 2025, a public hearing on the OATT Report was scheduled for June 4, 2025, at 6:00 p.m.; and

**WHEREAS**, notices of the hearing were duly published in the *Sacramento Bee* on March 27, April 2 and April 8, 2025; and

**WHEREAS**, pursuant to SMUD Ordinance No. 15-1, SMUD conducted the two required public workshops on April 30, 2025, and May 13, 2025, to receive and respond to customer comments and questions; and

**WHEREAS**, SMUD held two qualifying public workshops, contacted over 1,500 community organizations and neighborhood associations leaders via email, letter or phone call invitations to offer an in-person presentation, sent emails to over 271,000 customers and organizations, conducted over 40 individual presentations to community neighborhood and business organizations, over 1,100 community and business partners were provided content and were asked to share information regarding the rate proposal with their members and networks, and an additional 53 local agency elected officials were sent information packets with an offer of in-person presentations, which resulted in no meetings being held; and



**WHEREAS**, SMUD provided all customers information about the rate proposal via email, mail newsletters, and through the rate change proposal website on [www.smud.org/RateInfo](http://www.smud.org/RateInfo), which received approximately 1,570-page views; and

**WHEREAS**, the public hearing was held on June 4, 2025, and was conducted in a hybrid format; on Zoom.gov and at SMUD Headquarters. All interested persons were given an opportunity to comment and submit testimony; and

**WHEREAS**, pursuant to SMUD Ordinance No. 15-1, this resolution was duly introduced on June 4, 2025 by this Board of Directors to be circulated for a minimum of ten calendar days for public review, input and comment; and

**WHEREAS**, revisions to the yearly, monthly, weekly, daily, and hourly rates contained in the existing OATT are necessary to accurately reflect SMUD's cost of service, including:

- Schedule 1 (Scheduling, System Control and Dispatch Service); and
- Schedule 2 (Reactive Supply and Voltage Control from Generation or Other Sources Services); and
- Schedule 3 (Regulation and Frequency Response Service); and
- Schedule 5 (Operating Reserve – Spinning Reserve Service); and
- Schedule 6 (Operating Reserve – Supplemental Reserve Service);  
and
- Schedule 7 (Firm Point-to-Point Transmission Service); and
- Schedule 8 (Non-Firm Point-to-Point Transmission Service); and
- Schedule 10 (Generator Regulation and Frequency Response Service); and



**WHEREAS**, the recommendation to increase SMUD's OATT rates is based on cost of service principles and reflect SMUD's cost increases to provide transmission service uniformly to all transmission customers; and

**WHEREAS**, SMUD's OATT rates are for the use of SMUD property (e.g. transmission assets) and therefore the rates comply with Proposition 26 even without showing that such rate increases are limited to SMUD's costs; and

**WHEREAS**, this Board of Directors has carefully considered the OATT Report, and public comment and input from community meetings, public rate workshops, and noticed public hearings; and

**WHEREAS**, this Board of Directors finds that replacing the existing OATT schedules with the proposed revised OATT schedules is reasonable, in the best interests of the public and SMUD's customers, and provides a net benefit to SMUD;

**NOW, THEREFORE,**

**BE IT RESOLVED BY THE BOARD OF DIRECTORS  
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

**Section 1.** Effective July 1, 2025 SMUD's existing OATT rate tariffs shall be revised and superseded by the proposed OATT rate tariffs shown below and attached as Attachment \_\_\_\_.

- Schedule 1: (Scheduling, System Control and Dispatch Service)  
\$364.64/MW of Reserved Capacity per month;
- Schedule 2 (Reactive Supply and Voltage Control from Generation or Other Sources Services) \$87.15/MW of Reserved Capacity per month
- Schedule 3 (Regulation and Frequency Response Service)  
\$359.33/MW of Reserved Capacity per month;



- Schedule 5 (Operating Reserve – Spinning Reserve Service)  
\$8,647.36/MW of Reserved Capacity per month;
- Schedule 6 (Operating Reserve – Supplemental Reserve Service)  
\$8,914.52/MW of Reserved Capacity per month;
- Schedule 7 (Firm Point-to-Point Transmission Service)  
System Rate: \$3,219.95/MW of Reserved Capacity per month,  
COTP Rate: \$2,759.78/MW of Reserved Capacity per month;
- Schedule 8 (Non-Firm Point-to-Point Transmission Service)  
System Rate: \$1,725.10/MW of Reserved Capacity per month,  
COTP Rate: \$3,604.19/MW of Reserved Capacity per month.
- Schedule 10 (Generator Regulation and Frequency Response Service) \$359.33/MW of Reserved Capacity per month;

The yearly, weekly, daily, and hourly rates on each schedule shall be adjusted accordingly based on the time period in relation to the monthly rate.

## **Section 2. Environmental Assessment**

**1.0** Section 21080(b)(8) of the California Public Resources Code and Section 15273 of the California Environmental Quality Act (CEQA) Guidelines (California Code of Regulations, Title 14, Sections 15000, et seq.) provide that CEQA does not apply to the establishment, modification, structuring, restructuring, or approval of rates, tolls, fares, and other charges by public agencies which the public agency finds are for the purpose of:

- (A) meeting operating expenses, including employee wage rates and fringe benefits;



- (B) purchasing or leasing supplies, equipment, or materials;
- (C) meeting financial reserve needs and requirements;
- (D) obtaining funds for capital projects necessary to maintain service within existing service areas; or
- (E) obtaining funds that are necessary to maintain such intra-city transfers as are authorized by city charter.

This Board of Directors finds and declares that the proposed action reflects the reasonable costs to SMUD of providing transmission service under the OATT and that no amount of revenue obtained from this rate increase will be used for any other purpose. Therefore, the proposed action to approve a revised OATT with an effective implementation date of July 1, 2025 is for the purposes set forth in Sections 21080(b)(8)(A) through (D) of the California Public Resource Code. Therefore, this rate action is exempt from the requirements of CEQA. This finding is based upon information contained in the OATT Report.

**Section 3.** The CEO and GM, or his or her designee, is authorized to make non-substantive revisions to the OATT schedules.

**Section 4.** The new and revised OATT rate tariffs referenced in this Resolution are attached and incorporated herein as **Attachment \_\_\_\_**.

**Section 5.** To the extent there is a discrepancy between this Resolution and the new and revised OATT rate tariffs attached hereto, the new and revised rate tariffs shall control.



## **Schedule 1: Scheduling, System Control and Dispatch Service**

This service is required to schedule the movement of power through, out of, within, or into a Balancing Authority Area. This service can be provided only by the operator of the Balancing Authority Area in which the transmission facilities used for transmission service are located. Scheduling, System Control and Dispatch Service is to be provided directly by the Transmission Provider (if the Transmission Provider is the Balancing Authority Area operator) or indirectly by the Transmission Provider making arrangements with the Balancing Authority Area operator that performs this service for the Transmission Provider's Transmission System. The Transmission Customer must purchase this service from the Transmission Provider or the Balancing Authority Area operator. The charges for Scheduling, System Control and Dispatch Service are to be based on the rates set forth below. To the extent the Balancing Authority Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Balancing Authority Area operator.

Application of the Schedule 1 Ancillary Service described above will be determined on a case-specific basis as further provided in SMUD's OATT Business Practices document posted on its publicly accessible OASIS website.

- 1) Yearly delivery: \$4,375.73/MW of Reserved Capacity per year.
- 2) Monthly delivery: \$364.64/MW of Reserved Capacity per month.
- 3) Weekly delivery: \$84.15/MW of Reserved Capacity per week.
- 4) Daily delivery: \$16.83/MW of Reserved Capacity per day.
- 5) Hourly delivery: \$1.0519/MW of Reserved Capacity per hour.



## **Schedule 2: Reactive Supply and Voltage Control From Generation or Other Sources Service**

In order to maintain transmission voltages on the Transmission Provider's transmission facilities within acceptable limits, generation facilities and non-generation resources capable of providing this service that are under the control of the Balancing Authority Area operator are operated to produce (or absorb) reactive power. Thus, Reactive Supply and Voltage Control from Generation or Other Sources Service must be provided for each transaction on the Transmission Provider's transmission facilities. The amount of Reactive Supply and Voltage Control from Generation or Other Sources Service that must be supplied with respect to the Transmission Customer's transaction will be determined based on the reactive power support necessary to maintain transmission voltages within limits that are generally accepted in the region and consistently adhered to by the Transmission Provider.

Reactive Supply and Voltage Control from Generation or Other Sources Service is to be provided directly by the Transmission Provider (if the Transmission Provider is the Balancing Authority Area operator) or indirectly by the Transmission Provider making arrangements with the Balancing Authority Area operator that performs this service for the Transmission Provider's Transmission System. The Transmission Customer must purchase this service from the Transmission Provider or the Balancing Authority Area operator. The charges for such service will be based on the rates set forth below. To the extent the Balancing Authority Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by the Balancing Authority Area operator.

Application of the Schedule 2 Ancillary Service described above will be determined on a case-specific basis as further provided in SMUD's OATT Business Practices document posted on its publicly accessible OASIS website.

The Transmission Customer shall compensate the Transmission Provider each month up to the sum of the applicable charges set forth below:

Reactive Supply and Voltage Control from Generation Sources Service for Network Integration Service Customers under Part III of the Tariff:

\$132.69/MW per month times the Transmission Customer's monthly coincident peak demand.

Reactive Supply and Voltage Control from Generation Sources Service for Point-to-Point Transmission Customers under Part II of the Tariff:

- 1) Yearly delivery: \$1,045.78/MW of Reserved Capacity per year.
- 2) Monthly delivery: \$87.15/MW of Reserved Capacity per month.
- 3) Weekly delivery: \$20.11/MW of Reserved Capacity per week.
- 4) Daily delivery: \$4.02/MW of Reserved Capacity per day.



5) Hourly delivery:       \$0.2514/MW of Reserved Capacity per hour.

The total charge for Reactive Supply and Voltage Control from Generation Sources Service in any day, pursuant to a reservation for Hourly delivery, shall not exceed the rate specified in section (4) above times the highest amount in Megawatts of Reserved Capacity in any hour during such day. In addition, the total charge for Reactive Supply and Voltage Control from Generation Sources Service in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the rate specified in section (3) above times the highest amount in Megawatts of Reserved Capacity in any hour or day during such week.

However, such rates shall not include any charges associated with the compensation to a generating facility for the supply of reactive power within the power factor range specified in its interconnection agreement.



## Schedule 3: Regulation and Frequency Response Service

Regulation and Frequency Response Service is necessary to provide for the continuous balancing of resources (generation and interchange) with load and for maintaining scheduled Interconnection frequency at sixty cycles per second (60 Hz). Regulation and Frequency Response Service is accomplished by committing on-line generation whose output is raised or lowered (predominantly through the use of automatic generating control equipment) and by other non-generation resources capable of providing this service as necessary to follow the moment-by-moment changes in load. The obligation to maintain this balance between resources and load lies with the Transmission Provider (or the Balancing Authority Area operator that performs this function for the Transmission Provider). The Transmission Provider must offer this service when the transmission service is used to serve load within its Balancing Authority Area. The Transmission Customer Balancing Authority Area must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Regulation and Frequency Response Service obligation. The amount of and charges for Regulation and Frequency Response Service are set forth below. To the extent the Balancing Authority Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Balancing Authority Area operator.

Application of the Schedule 3 Ancillary Service described above will be determined on a case-specific basis as further provided in SMUD's OATT Business Practices document posted on its publicly accessible OASIS website.

The Transmission Customer shall compensate the Transmission Provider each month up to the sum of the applicable charges set forth below:

Regulation and Frequency Response Service for Network Integration Service  
Transmission Customers under Part III of the Tariff:

\$547.11/MW per month times the Transmission Customer's monthly coincident peak demand. However, if the Transmission Customer's average of the highest daily difference between the Transmission Customer's instantaneous demand in an hour and its schedule in that hour exceeds 4.5% or is less than 3.5% in any month, the Transmission Customer will be assessed a charge based on the rate above times the ratio of the actual percentage to 4.0%.

Regulation and Frequency Response Service for Point-to-Point Transmission Customers under Part II of the Tariff:

- 1) Yearly delivery: \$4,311.97/MW of Reserved Capacity per year.
- 2) Monthly delivery: \$359.33/MW of Reserved Capacity per month.
- 3) Weekly delivery: \$82.92/MW of Reserved Capacity per week.
- 4) Daily delivery: \$16.58/MW of Reserved Capacity per day.



5) Hourly delivery:       \$1.0365/MW of Reserved Capacity per hour.

The total charge for Regulation and Frequency Response Service in any day, pursuant to a reservation for Hourly delivery, shall not exceed the rate specified in section (4) above times the highest amount in Megawatts of Reserved Capacity in any hour during such day. In addition, the total charge for Regulation and Frequency Response Service in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the rate specified in section (3) above times the highest amount in Megawatts of Reserved Capacity in any hour or day during such week.



## Schedule 5: Operating Reserve – Spinning Reserve Service

Spinning Reserve Service is needed to serve load immediately in the event of a system contingency. Spinning Reserve Service may be provided by generating units that are on-line and loaded at less than maximum output and by non-generation resources capable of providing this service to the extent that such non-generation resources meet applicable NERC standards or criteria for such services. The Transmission Provider must offer this service when the transmission service is used to serve load within its Balancing Authority Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Spinning Reserve Service obligation. The amount of and charges for Spinning Reserve Service are set forth below. To the extent the Balancing Authority Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Balancing Authority Area operator.

Application of the Schedule 5 Ancillary Service described above will be determined on a case-specific basis as further provided in SMUD's OATT Business Practices document posted on its publicly accessible OASIS website.

The Transmission Customer shall compensate the Transmission Provider each month up to the sum of the applicable charges set forth below:

Operating Reserve - Spinning Reserve Service for Network Integration Transmission Customers under Part III of the Tariff:

Demand Charge: \$8,647.36/MW/Month times the Transmission Customer's Load Ratio Share of the Transmission Provider's spinning reserve requirement.

Energy Charge: 110% of the Transmission Provider's system incremental cost (SIC) provided, that to the extent purchased energy forms the basis for the SIC, the rate for the purchased energy portion of the service shall equal the SIC. Energy is only available in emergencies and for up to 30 minutes.

Operating Reserve - Spinning Reserve Service for Point-to-Point Transmission Customers under Part II of the Tariff:

Demand Charge: The charge below times the Transmission Provider's spinning reserve requirement multiplied by the ratio of the Transmission Customer's Reserved Capacity divided by the Transmission Provider's annual peak.

- 1) Yearly delivery: \$103,768.34/MW per year.
- 2) Monthly delivery: \$8,647.36/MW per month.
- 3) Weekly delivery: \$1,995.55/MW per week.
- 4) Daily delivery: \$399.11/MW per day.
- 5) Hourly delivery: \$24.9443/MW per hour.



The total charge for Operating Reserve - Spinning Reserve Service in any day, pursuant to a reservation for Hourly delivery, shall not exceed the rate specified in section (4) above times the highest amount in Megawatts of Reserved Capacity in any hour during such day. In addition, the total charge for Operating Reserve - Spinning Reserve Service in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the rate specified in section (3) above times the highest amount in Megawatts of Reserved Capacity in any hour or day during such week.

Energy Charge: 110% of the Transmission Provider's system incremental cost (SIC) provided, that to the extent purchased energy forms the basis for the SIC, the rate for the purchased energy portion of the service shall equal the SIC. Energy is only available in emergencies and for up to 30 minutes.



## **Schedule 6: Operating Reserve – Supplemental Reserve Service**

Supplemental Reserve Service is needed to serve load in the event of a system contingency; however, it is not available immediately to serve load but rather within a short period of time. Supplemental Reserve Service may be provided by generating units that are on-line but unloaded, by quick-start generation or by interruptible load or other non-generation resources capable of providing this service. The Transmission Provider must offer this service when the transmission service is used to serve load within its Balancing Authority Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Supplemental Reserve Service obligation. The amount of and charges for Supplemental Reserve Service are set forth below. To the extent the Balancing Authority Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Balancing Authority Area operator.

Application of the Schedule 6 Ancillary Service described above will be determined on a case-specific basis as further provided in SMUD's OATT Business Practices document posted on its publicly accessible OASIS website.

The Transmission Customer shall compensate the Transmission Provider each month up to the sum of the applicable charges set forth below:

Operating Reserve - Supplemental Reserve Service for Network Integration  
Transmission Customers under Part III of the Tariff:

Demand Charge: \$8,914.52/MW/Month times the Transmission Customer's Load Ratio Share of the Transmission Provider's supplemental reserve requirement.

Energy Charge: 110% of the Transmission Provider's system incremental cost (SIC) provided, that to the extent purchased energy forms the basis for the SIC, the rate for the purchased energy portion of the service shall equal the SIC. Energy is only available in emergencies and for up to 30 minutes.

Operating Reserve - Supplemental Reserve Service for Point-to-Point Transmission  
Customers under Part II of the Tariff:

Demand Charge: The charge below times the Transmission Provider's supplemental reserve requirement multiplied by the ratio of the Transmission Customer's Reserved Capacity divided by the Transmission Provider's annual peak.

- 1) Yearly delivery: \$106,974.22/MW per year.
- 2) Monthly delivery: \$8,914.52/MW per month.
- 3) Weekly delivery: \$2,057.20/MW per week.
- 4) Daily delivery: \$411.44/MW per day.



5) Hourly delivery: \$25.7150/MW per hour.

The total charge for Operating Reserve - Supplemental Reserve Service in any day, pursuant to a reservation for Hourly delivery, shall not exceed the rate specified in section (4) above times the highest amount in Megawatts of Reserved Capacity in any hour during such day. In addition, the total charge for Operating Reserve - Supplemental Reserve Service in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the rate specified in section (3) above times the highest amount in Megawatts of Reserved Capacity in any hour or day during such week.

Energy Charge: 110% of the Transmission Provider's system incremental cost (SIC) provided, that to the extent purchased energy forms the basis for the SIC, the rate for the purchased energy portion of the service shall equal the SIC. Energy is only available in emergencies and for up to 30 minutes.



## **Schedule 7: Firm Point-to-Point Transmission Service**

The Transmission Customer shall compensate the Transmission Provider each month for Firm Point-to-Point Reserved Capacity at the sum of the applicable charges set forth below. The charge herein shall be that agreed upon by the Parties at the time service is reserved.

### **1. Yearly delivery:**

System Rate: \$38,639.36/MW per year.

COTP Rate: \$33,117.35/MW per year.

### **2. Monthly delivery:**

System Rate: \$3,219.95/MW per month.

COTP Rate: \$2,759.78/MW per month.

### **3. Weekly delivery:**

System Rate: \$743.06/MW per week.

COTP Rate: \$636.87/MW per week.

### **4. Daily delivery:**

System Rate: \$148.61/MW per day.

COTP Rate: \$127.37/MW per day.

### **5. Hourly delivery:**

System Rate: \$9.2883/MW per hour.

COTP Rate: \$7.9609/MW per hour.

The total demand charge in any day, pursuant to a reservation for Hourly delivery, shall not exceed the rate specified in section (4) above times the highest amount in Megawatts of Reserved Capacity in any hour during such day. In addition, the total demand charge in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the rate specified in section (3) above times the highest amount in Megawatts of Reserved Capacity in any hour or day during such week.

### **6. Discounts:**

Three principal requirements apply to discounts for transmission service as follows (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS; (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an Affiliate's use) must occur solely by posting on the OASIS; and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery



on the Transmission System.

**7. Resales:**

The rates and rules governing charges and discounts stated above shall not apply to resales of transmission service, compensation for which shall be governed by Section 23.1 of the Tariff.



## **Schedule 8: Non-Firm Point-to-Point Transmission Service**

The Transmission Customer shall compensate the Transmission Provider each month for Non-Firm Point-to-Point Reserved Capacity at the sum of the applicable charges set forth below. The charge herein shall be that agreed upon by the Parties at the time service is reserved.

### **1. Yearly delivery:**

System Rate: \$20,701.25/MW per year.

COTP Rate: \$43,250.27/MW per year.

### **2. Monthly delivery:**

System Rate: \$1,725.10/MW per month.

COTP Rate: \$3,604.19/MW per month.

### **3. Weekly delivery:**

System Rate: \$398.10/MW per week.

COTP Rate: \$831.74/MW per week.

### **4. Daily delivery:**

System Rate: \$79.62/MW per day.

COTP Rate: \$166.35/MW per day.

### **5. Hourly delivery:**

System Rate: \$7.1745/MW per hour.

COTP Rate: \$10.3967/MW per hour.

The total demand charge in any day, pursuant to a reservation for Hourly delivery, shall not exceed the rate specified in section (4) above times the highest amount in Megawatts of Reserved Capacity in any hour during such day. In addition, the total demand charge in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the rate specified in section (3) above times the highest amount in Megawatts of Reserved Capacity in any hour or day during such week.

### **6. Discounts:**

Three principal requirements apply to discounts for transmission service as follows (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an Affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery



on the Transmission System.

**7. Resales:**

The rates and rules governing charges and discounts stated above shall not apply to resales of transmission service, compensation for which shall be governed by Section 23.1 of the Tariff.



## Schedule 10: Generator Regulation and Frequency Response Service

Generator Regulation and Frequency Response Service is necessary to provide for the continuous balancing of resources (generation and interchange) with load and for maintaining scheduled Interconnection frequency at sixty cycles per second (60 Hz). Generator Regulation and Frequency Response Service is accomplished by committing on-line generation whose output is raised or lowered (predominantly through the use of automatic generating control equipment) and/or by other non-generation resources capable of providing this service as necessary to follow the moment-by-moment changes in generation output. The obligation to maintain this balance between resources and load lies with the Transmission Provider (or the Balancing Authority that performs this function for the Transmission Provider). The Transmission Provider (or the Balancing Authority that performs this function for the Transmission Provider) must offer this service when Transmission Service is used to deliver energy from a generator physically or electrically located within its Balancing Authority Area. The Transmission Customer or generator must either purchase this service from the Transmission Provider or make alternative comparable arrangements, which may include use of non-generation resources or processes capable of providing this service, to satisfy its Generator Regulation and Frequency Response Service obligation. The amount of and charges for Generator Regulation and Frequency Response Service are set forth below. To the extent the Balancing Authority performs this service for the Transmission Provider, charges to the Transmission Customer or generator are to reflect only a pass-through of the costs charged to the Transmission Provider by that Balancing Authority.

Application of the Schedule 10 Ancillary Service described above will be determined on a case-specific basis as further provided in SMUD's OATT Business Practices document posted on its publicly accessible OASIS website.

The Transmission Customer shall compensate the Transmission Provider each month up to the sum of the applicable charges set forth below:

Regulation and Frequency Response Service for Network Integration Service  
Transmission Customers under Part III of the Tariff:

\$547.11/MW per month times the Transmission Customer's monthly coincident peak demand. However, if the Transmission Customer's average of the highest daily difference between the Transmission Customer's instantaneous demand in an hour and its schedule in that hour exceeds 4.5% or is less than 3.5% in any month, the Transmission Customer will be assessed a charge based on the rate above times the ratio of the actual percentage to 4.0%.

Regulation and Frequency Response Service for Point-to-Point Transmission Customers  
under Part II of the Tariff:

- 1) Yearly delivery: \$4,311.97/MW of Reserved Capacity per year.
- 2) Monthly delivery: \$359.33/MW of Reserved Capacity per month.
- 3) Weekly delivery: \$82.92/MW of Reserved Capacity per week.
- 4) Daily delivery: \$16.58/MW of Reserved Capacity per day.



5) Hourly delivery:           \$1.0365/MW of Reserved Capacity per hour

The total charge for Regulation and Frequency Response Service in any day, pursuant to a reservation for Hourly delivery, shall not exceed the rate specified in section (4) above times the highest amount in Megawatts of Reserved Capacity in any hour during such day. In addition, the total charge for Regulation and Frequency Response Service in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the rate specified in section (3) above times the highest amount in Megawatts of Reserved Capacity in any hour or day during such week.



President Fishman then turned to agenda item 4, public comment for items not on the agenda.

Roger Blackwell stated the workshops provided by SMUD do not tell people how to really save. He stated that workshops should be provided telling people how they can save to include using rooftop solar, portable cooktops, insulation, and other such tips.

Steve Uhler stated his belief that a Brown Act violation had occurred with regard to the consideration of his alternative rate proposal during the public hearing without putting it on the agenda.

Public comment, a copy of which is attached to these minutes, was received from the following member of the public:

- Olesya B.

No further business appearing, President Fishman adjourned the meeting at 8:02 p.m.

Approved:

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President

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Secretary



STATE OF CALIFORNIA  
SACRAMENTO MUNICIPAL UTILITY DISTRICT  
BOARD OF DIRECTORS SPECIAL MEETING

REPORTER'S TRANSCRIPT OF  
SMUD SPECIAL BOARD OF DIRECTORS MEETING  
AGENDA ITEM 2 - PUBLIC RATE HEARING

Meeting held  
Wednesday, June 4th, 2025

6:07 p.m. to 7:53 p.m.

**CERTIFIED**

at

SMUD Headquarters Building  
6201 S Street, Auditorium  
Sacramento, California 95817

And via videoconference

--oOo--

Reported remotely by CHERYL L. KYLE, CSR No. 7014

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916-492-1010



PUBLIC RATES HEARING  
Agenda Item 2

INDEX OF APPEARANCES

SMUD BOARD OF DIRECTORS:

Ward 3: GREGG FISHMAN, President  
Ward 6: DAVE TAMAYO, Vice President  
Ward 1: BRANDON D. ROSE  
Ward 2: NANCY BUI-THOMPSON  
Ward 4: ROSANNA HERBER  
Ward 5: ROB KERTH  
Ward 7: HEIDI SANBORN

SMUD EXECUTIVE STAFF:

SCOTT MARTIN, Chief Financial Officer,  
Acting CEO/GM  
LAURA LEWIS, Chief Legal Officer &  
Government Affairs Officer  
General Counsel

SMUD STAFF:

MELISSA KWONG, Pricing Supervisor  
JEN RESTIVO, Revenue & Strategy and Planning  
JOSUE GARCIA, Technical Support  
TONI STELLING, Executive Assistant  
And other SMUD staff

PRESENTERS ON RATE PROPOSALS:

ALCIDES HERNANDEZ, Manager, Revenue Strategy  
STEVE UHLER

PUBLIC COMMENT SPEAKERS:

JOHN WEBER  
ROGER L. BLACKWELL  
VINCENT MASTROTOTARO

IN-PERSON AND REMOTE ATTENDANCE:

Members of the public

--oOo--



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INDEX OF SUBMITTED DOCUMENTS

--oOo--

No.	PAGE	DESCRIPTION
1	84	16-page SMUD Presentation.
2	84	16-page 6-4-2025 Steve Uhler Report and Recommendations.
3	84	24-page 6/3/2025 Steve Uhler comment submitted 8:12:16 p.m.
4	84	17-page 6/4/2025 Steve Uhler comment submitted 8:20:42 a.m.
5	84	2-page 6/4/2025 Steve Uhler comment submitted 3:19:00 p.m.
6	84	2-page 6/4/2025 Steve Uhler comment submitted 4:04:48 p.m.
7	84	5-page 6/4/2025 Steve Uhler comment submitted 5:12:43 p.m.
8	84	3-page 6/4/2025 Steve Uhler comment submitted 5:17:56 p.m.
9	84	1-page 6/4/2025 Steve Uhler comment submitted 7:40:18 p.m.
10	84	5-page 6/4/2025 Steve Uhler comment submitted 8:55:41 p.m.
11	84	1-page 6/4/2025 Steve Uhler comment submitted 9:04:10 p.m.

--oOo--



PUBLIC RATES HEARING  
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1 (Special Meeting commenced at 6:02 p.m.)

2 (Board proceedings held, not transcribed.)

3 --oOo--

4 (Agenda Item 2 commenced at 6:07 p.m.)

5 --oOo--

6 PRESIDENT FISHMAN: Item Number 2 on the  
7 agenda is to hold a public hearing on the  
8 Chief Executive Officer and General Manager's Report  
9 and Recommendations on Rates and Services, Volumes 1  
10 and 2, dated March 20th, 2025, and the Chief  
11 Executive Officer and General Manager's Report and  
12 Recommendations on Open Access Transmission Tariff,  
13 Volume 1, dated March 20, 2025; together they are  
14 the CEO and GM Reports.

15 The chief legal officer will now provide a  
16 brief overview of the public rate process.

17 SMUD CLO LEWIS: Thank you, President  
18 Fishman.

19 Tonight, the Board will be conducting a  
20 public hearing to consider the proposals set forth  
21 in the CEO and General Manager's Report, as well as  
22 any alternative recommendations.

23 After the close of the public hearing, the  
24 Board will introduce a draft rate resolution. This  
25 will be either staff's recommendation or an



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1 alternative, but that draft resolution will then be  
2 posted for public comment for at least ten days.

3 Then the Board -- staff will return to the  
4 Board on June 19th to go over any comments received,  
5 and at that point we will ask the Board to approve a  
6 final rate resolution.

7 PRESIDENT FISHMAN: Okay. Thank you.

8 This public hearing will be transcribed by  
9 a court reporter. And under the rate ordinance,  
10 members of the public that have not submitted a  
11 request for additional time at least ten days in  
12 advance of today's meeting will have up to three  
13 minutes to speak on the Chief Executive Officer and  
14 General Manager's Rate Reports.

15 I would ask speakers to confine your  
16 comments to the rate report. If you have comments  
17 on other SMUD matters, you will have an opportunity  
18 to speak during the general public comment for items  
19 not on the agenda portion of our meeting.

20 And for my fellow board members, because  
21 we do have a court reporter, I would ask you to  
22 please not speak over one another, wait until  
23 somebody is done, and that way it's easier on her to  
24 transcript the meeting.

25 And at this point, I would like to open



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1 the public hearing. Before taking public comment,  
2 we will have two presentations. First one, our  
3 presenter is Alcides Hernandez, Manager of Revenue  
4 and Strategy, and Alcides has the staff  
5 presentation.

6 SMUD MANAGER ALCIDES: Thank you,  
7 Director Fishman, President. And good evening to  
8 the rest of the Board members and the general  
9 public. Thank you for allowing us to host this  
10 public hearing tonight.

11 As I mentioned, my name is  
12 Alcides Hernandez, Revenue and Strategy Manager.  
13 I'm here to present an overview of the rate proposal  
14 at this public hearing and address any questions  
15 that the Board members or the general public may  
16 have on the proposal. So if we can move on to the  
17 next slide. Thank you.

18 Here is an overview of the rate process  
19 timeline. As the Board may remember, we started off  
20 back in January when we conducted a rate workshop to  
21 capture general feedback.

22 We received that valuable input, and in  
23 the next couple of months we incorporated that in  
24 the final recommendation. We presented an overview  
25 of that recommendation at that March 18 Board



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1 meeting, full Board committee meeting. And the rate  
2 report, that we call it CEO and GM Report, was  
3 released at the Board meeting on March 20th, and at  
4 that moment the rate process started.

5 We had approximately 76 days of public  
6 outreach planned at that time. As the Board may see  
7 here on the screen and the public too, we hosted two  
8 public workshops on April 30th and May 13. We also  
9 hosted other events including roundtables.

10 And we're here tonight at the public  
11 hearing to provide an overview of the  
12 recommendation, a discussion, and the Board will  
13 take action on introducing the rate resolutions  
14 later after we complete the rate hearing.

15 And with that, I will go into more details  
16 in the next slide and will provide an overview of  
17 these recommendations and an overview of the public  
18 outreach process that we've been doing.

19 As I mentioned in the prior slide, we  
20 provided a rates process overview in mid-January,  
21 and, ultimately, this is what we recommended in the  
22 rate proposal.

23 First, we are recommending a 3 percent  
24 rate increase on January 1st of 2026, and another  
25 3 percent on January 1st of 2027. That rate



1 increase will apply to all customers, both  
2 residential and nonresidential.

3           The second item on the proposal is an  
4 optional residential rate. We call it a low usage  
5 rate for customers with low usage and electrical  
6 panels of up to 125 amps, and that will provide more  
7 details on that recommendation in the next few  
8 slides.

9           Third, we have updates to the Open Access  
10 Transmission Tariff. This is for third parties who  
11 may use our transmission lines to wheel power  
12 through our system. We don't have any customers at  
13 this time, so we are taking this opportunity to  
14 update that rate.

15           And, lastly, some miscellaneous tariff  
16 updates that we take that opportunity every time we  
17 have a rate action, and I will cover those items  
18 individually in the next few slides.

19           But, first, as the Board remember, we  
20 provided details of the drivers of the potential  
21 rate increase at the time back in January, and,  
22 eventually, we made the recommendation. And here  
23 are the drivers that are making us to come up with  
24 this rate proposal.

25           First, we are seeing higher commodity



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1 costs in those years, '26 and '27, with a total  
2 increase of about \$34 million in that specific area  
3 in commodity costs. This is driven primarily by  
4 regional renewable energy contracts to meet the  
5 regulatory requirements that we are subject to and  
6 also comply with higher resource adequacy to make  
7 sure that the lights stay on every time our  
8 customers turn that switch.

9 We are also investing in the range of  
10 \$280 million in new generation and historic assets,  
11 and those include solar storage and other renewable  
12 projects.

13 We're investing \$251 million in substation  
14 and line capacity projects to ensure that our grid  
15 stays reliable and resilient, capable of meeting the  
16 demand of a growing population and evolving needs.

17 In addition to that, we are estimating  
18 about \$90 million in our Folsom administrative  
19 operations building to support the delivery of a  
20 reliable service to our region.

21 Lastly, as you see here in the slide, we  
22 have the wildfire prevention and cost inflation. We  
23 see an estimate of about \$22 million impacting that  
24 area, and we are recommending that we will include  
25 those as part of the rate increase drivers.



1           As we mentioned earlier, before we  
2 recommend any rate increases and present a public  
3 presentation to the public and the Board, we focus  
4 on finding internal efficiencies, cost savings, so  
5 that these modest and reasonable rate increases will  
6 have as little impacts to our customers as much as  
7 we could.

8           For example, in 2024, just to provide an  
9 illustration of this cost savings, we did bond  
10 refinancing that ended up saving us about  
11 \$33 million just in 2024. That's over a 1 percent  
12 rate increase that we avoided by doing that  
13 operational savings.

14           Now, as a none for-profit community-owned  
15 utility, we have a policy to ensure that our rates  
16 remain among the lowest in California but also  
17 providing safe and reliable power.

18           This graph may look familiar to you. We  
19 share these a couple of times throughout the year.  
20 We updated this information as the local utilities  
21 reported information for 2024 just in April.

22           As you see, we are, across this group of  
23 utilities, one of the lowest. SMUD is highlighted  
24 to the left side, in that orange rectangle, we're  
25 lower than most of these utilities and, in average,



1 higher than 50 percent lower than PG&E, which saves  
2 the community about \$1.9 billion in those annual  
3 savings that stays in our community.

4 And even with the proposed rate  
5 increases -- because we have seen that PG&E has  
6 filed, just in the middle of the month of May,  
7 something they call a general rate case that will  
8 require PG&E to submit a proposal, and they are  
9 recommending rate increases for years '27 all the  
10 way through 2030, and they range -- they vary from  
11 about 5 percent in the first year, 2027, and in the  
12 range of about 3 percent in the subsequent years.

13 So we will continue to remain around  
14 50 percent, or perhaps even higher, even with these  
15 rate recommendations we're bringing to the Board.

16 Now, I've been making reference about  
17 rates, and, you know, the proposed rate increase  
18 that we are recommending stays within the commitment  
19 to continue to keep rates within the rate of  
20 inflation. In this graph, we are illustrating a  
21 couple of scenarios in how we compare to that  
22 cumulative inflation.

23 By the way, we do not compare a  
24 year-over-year inflation. What we do is we compare  
25 a cumulative inflation and cumulative rate increases



1 over a period of time.

2 As you see here in this chart, we are  
3 comparing 2021 through 2027. So the average rate  
4 increases through that period included actuals from  
5 2021 through 2025, and the proposed rate increases,  
6 not adopted yet, but we are including those in '26  
7 and '27. That will produce another rate increase of  
8 3.6 percent for that window of time.

9 If we do a similar comparison with  
10 inflation, when we provide an update to the Board  
11 back in January, we use actual inflation data from  
12 '21 through 2024 that was known at the time, but we  
13 didn't know '25, '26 and '27. So we used the most  
14 estimate and conservative inflation forecast, and at  
15 the time, '21 and 2027, will be about 3.8 percent,  
16 that window of cumulative inflation.

17 Very recently, just as time has gone, we  
18 received new information, and now inflation is  
19 trending higher than what we saw back in January.  
20 So if we were to update those three years -- '25,  
21 '26, and '27 -- now the average for this window from  
22 2021 through 2027 is reaching about 4 percent.

23 What that will do is that our proposed  
24 rate increase will still have us below the rate of  
25 inflation even more than that we initially



1 anticipated.

2           And we are using a very conservative  
3 approach because there are a number of inflation  
4 forecasts out there, and we tend to use the one  
5 that's toward the middle and the bottom because we  
6 just want to be conservative in our approach.

7           Now, we have been talking about inflation  
8 and average rates, but our customers, they pay  
9 bills. And this graph illustrates how the average  
10 customers, depending on the rate category and the  
11 rate class, will see the proposed rate increase.

12           There are a lot of numbers in here, and  
13 I'm not going to walk through each one individually,  
14 but let me walk you through what's in here.

15           On the left side is the type of customers  
16 that we have. We have residential, small  
17 commercial, all the way through large commercial and  
18 agriculture. And toward the middle, we have the  
19 average bill for those customers in dollars per  
20 month. If I were to choose, the average residential  
21 customer uses about 750-kilowatt hours, between  
22 700 and 750, but we are illustrating here  
23 750 kilowatt hours a month, he pays just under \$145  
24 per month.

25           The first rate increase of 3 percent will



1 represent about \$4.35, and the second rate increase  
2 in January 2027 will represent \$4.48 for a total  
3 bill impact of just under \$9 for the average  
4 residential customer. The rest you see here, they  
5 will see just a general across the board 3 percent  
6 from a small commercial, medium, and large  
7 commercial.

8           Important to know that in the case of  
9 residential customers, we offer an Energy Assistance  
10 Program Rate. It's a discount that we offer to the  
11 customer and also medical equipment discount. So  
12 they will see a slightly different bill impact  
13 because they receive that discount, and I will  
14 provide more details on those customers in the next  
15 slide.

16           Here we have that information. The Energy  
17 Assistance Program Rate, EAPR, have four different  
18 tiers of levels. We provide a discount on the  
19 System Infrastructure Fixed Charge of \$10, so we  
20 think \$10 less on that fixed charge.

21           In addition to that, they receive an  
22 amount in discount based on the Federal Poverty  
23 Level on the usage, and we have four tiers in those  
24 customers: From zero to 50 percent, 50 to  
25 100 percent, and so on as you see on the table.



1           As you see, there are different amounts of  
2 average bills for those group of customers, and the  
3 first impact of the 3 percent in January of 2026 is  
4 just under \$3 or \$4. It's under \$4, that you see  
5 there, slightly higher indicates 150 and  
6 200 percent, and with the second rate increase,  
7 about the same. But, overall, these customers see  
8 slightly lower billing impact than the standard  
9 billing customer who does not receive the EAPR  
10 benefit. Now, that was the first part of the  
11 recommendation, the general rate increase of  
12 3 percent for residential and nonresidential  
13 customers.

14           The second part of the recommendation is  
15 an Optional -- we called -- Time-of-Day Low Use  
16 Rate. First, as the Board knows, the standard time  
17 of day that we offer today have two components:  
18 One, it is the System Infrastructure Fixed Charge;  
19 that is the monthly amount that customers pay  
20 regardless of the amount of consumption, currently  
21 it's \$26.20, and they also pay energy charges that  
22 vary by time and also season.

23           In this recommendation, we are  
24 recommending a lower System Infrastructure Fixed  
25 Charge for a subset of customers. These are



1 customers who tend to use low electricity, and in  
2 our research we have found that those with smaller  
3 panel size of up to 100 amps have consistently -- do  
4 that, they consume low electricity.

5           The System Infrastructure Fixed Charge,  
6 just to remind the Board, includes the cost of  
7 infrastructure, local infrastructure, to serve the  
8 customers, the local transformer, the metering, the  
9 costs associated with customer service and billing.  
10 We do not collect all of the costs associated with  
11 the infrastructure. We reflect just a small portion  
12 of it.

13           In that context, depending of the size of  
14 the customer, if it is an apartment or a small home,  
15 this fixed charge, the 26.20 at this moment, would  
16 represent a larger portion of that bill. And for  
17 that reason, we are recommending to have a \$17 per  
18 month for that group of customers with a slight  
19 increase of about 3.4 cents per kilowatt hour on the  
20 energy charge to make this recommendation, what we  
21 call, revenue neutral.

22           The customer who will qualify for this  
23 rate, as I just mentioned, is those with a small  
24 panel size of up to 125 amps, and we believe, based  
25 on your initial research, that customers in the



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1 range of less than 270-kilowatt hours a month will  
2 benefit. They will save if they enroll in this  
3 rate.

4 So that's the second part of the  
5 recommendation. This optional rate, once again, was  
6 designed revenue neutral. If the Board were to  
7 approve this rate, we will reach out to the customer  
8 who may be eligible and continue with the process of  
9 seeing if they are interested to sign up in the  
10 rate.

11 As was mentioned in the introduction of  
12 the presentation, every time when we have a rate  
13 proposal we take the opportunity to update several  
14 other items that are not necessarily driving revenue  
15 but that are relevant because, otherwise, some  
16 tariffs or other language remains outdated.

17 We took the opportunity to update the Open  
18 Access Transmission Tariff. The last time we did  
19 that was in 2016 for the 2017 rate action. Since  
20 then, we haven't fully updated the entire list of  
21 eight schedules, so we did that. That reflects now  
22 the current cost, applies to customers who will be  
23 interested in wheeling power through our  
24 transmission lines. We don't have any at this time,  
25 so there is no fiscal impact from that



1 recommendation.

2           The second part that we did, as we updated  
3 that portion of the study, we updated the local  
4 distribution wheeling service charge, that is, in  
5 the event there are local generators in the  
6 distribution level interested in wheeling power  
7 through our distribution system -- not the  
8 transmission system. We don't have any customers in  
9 that rate, as well, but, again, we updated the  
10 prices by service voltage, and they are reflected in  
11 the recommendation. So no fiscal impact for that  
12 proposal, as well.

13           To the right side of the slide, we have  
14 here a summary of the miscellaneous tariff language  
15 updates that we did. One of them is related to  
16 something that we call the standby service charge.  
17 It was very inconsistent the way it was described  
18 through different tariffs in the commercial  
19 schedules, so we just made that consistent. There  
20 is no change to the way we apply it. It's just to  
21 make that language similar.

22           In the case of Rule 6 language, it was  
23 also to make it consistent with something that we  
24 already do today, and it has to do with past due  
25 amounts. When a customer has multiple accounts and



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1 one of those accounts end up being behind and now  
2 start getting into the process of being potentially  
3 discounted, then the practice is to transfer that  
4 balance to another account that is actually up to  
5 date, not past due, so it's in the benefit of the  
6 customers. It's a practice we do today, so we're  
7 just making that alignment in the tariff to what we  
8 do.

9           The Rule 16 clarification, it has  
10 something to do with -- it's very small words that  
11 we add in there that when we install equipment, we  
12 own and maintain that equipment. So it wasn't  
13 clear, so we add in those few words in that rate in  
14 that tariff to make it clear.

15           And, lastly, removing outdated language on  
16 Rule 16, it has to do with some words that it still  
17 was making reference to Folsom as being annexed to  
18 SMUD. That happened many, many years ago. So we  
19 never -- saw that language was in there, so we  
20 cleaned it up, and it's going to be not there after  
21 this rate process.

22           No fiscal impacts from these  
23 recommendations, just more cleaning up of that  
24 particular language.

25           So that concludes the majority of the



1 items in the rate proposal. There are a lot of  
2 details in the GM Report that we call the CEO/GM  
3 Report, but what I've just provided was a high-level  
4 summary.

5 As the Board remember, every time when we  
6 have a rate process, we embark in this very  
7 comprehensive community outreach that is very  
8 extensive, and the goal is to inform our customers  
9 and seek their feedback.

10 The outreach window that we have is about  
11 76 days. We're still in that process. We still  
12 have a few meetings scheduled, and we will continue  
13 to do that through June 19, the night of the vote.

14 This slide here shows the fundamental  
15 components of that strategy and how we are doing it.  
16 We're committed to communicate with our customers  
17 through this extensive and proactive outreach, offer  
18 many options to present, send information through  
19 emails of any means that the customers want us to  
20 send them. We hosted virtual and hybrid-combination  
21 of meetings here and also tailored presentation as  
22 they asked us to do. And we communicate with groups  
23 who also have expressed interest in receiving  
24 information about this rate recommendation.

25 As you can see here in the slide, we have



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1 a lot of venues and ways to communicate with our  
2 customers, and I will provide more details on the  
3 numbers and the statistics of the outreach that we  
4 have been doing.

5 As I mentioned earlier, highlighted and  
6 extensive outreach effort was supported with this  
7 multi-prong communication and outreach. We use  
8 several channels to inform our customers and get  
9 their feedback on this rate proposal.

10 Some of those channels included  
11 communications here internally so our customers --  
12 internal employees and customers know that we have  
13 this proposal. News release, fully noticed, as I  
14 mentioned in the initial slide, we published public  
15 notices. And we have fact sheets: One, actually,  
16 version in Spanish, the other version is in English.  
17 Additionally, we utilized virtual channels like the  
18 web, digital, email, used letters, and social media.

19 We did communicate engagement virtually  
20 and in person. It was, as you see here, very  
21 comprehensive, and we have kept also the Board  
22 updated as we were doing progress on this process.

23 For the proposed optional use residential  
24 rate, if it gets approved, we expect that we will  
25 deploy a number of channels, too, to reach out to



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1    them.  In that sense, we will provide information,  
2    billing parts or billing comparisons so we can make,  
3    I will say, an educated decision if they were  
4    interested in enrolling on that optional rate.

5               This slide here summarizes the activities  
6    that we have been doing over the past 70 or so day.  
7    As the Board can see, we sent over 271,000 emails to  
8    our customers.  Those include community  
9    organizations and leaders and those who have  
10   subscribed and are listed in our LISTSERVs.

11              We call or email more than 2,800 community  
12   and business leaders with information about our rate  
13   proposal and offered to meet with them and their  
14   constituents if that's something that they wanted to  
15   do.

16              We shared information packets and offered  
17   to meet with 53 elected officials.  We reached out  
18   an approximate 185,000 attendees from a variety of  
19   community meetings of approximately 65.  And we  
20   presented to about 40 community organizations and  
21   neighborhood associations, and key business received  
22   presentations and roundtable information.  Those  
23   roundtables were recorded, and then so we send those  
24   to our commercial customers and some other nonprofit  
25   organizations.



1           And, lastly, we did -- over 1,100  
2 community and business partners were provided rate  
3 information in a variety of ways. So this is --  
4 kind of sum up what we have been doing in the public  
5 outreach.

6           And in the next slide, I bring here  
7 high-level summary of what we heard and the general  
8 feedback. It is, I would say, impossible probably  
9 to provide everything in a single slide, but these  
10 are the takeaways as we were throughout the  
11 community.

12           In summary, the customers found that they  
13 understood the proposal, found that it's  
14 straightforward in that they had been appreciative  
15 of our outreach, for being at the meetings, and  
16 explaining why, and the drivers of increase and the  
17 real impacts.

18           Listed here, you see some of those themes.  
19 And overall feedback that we receive, in general,  
20 customers are very appreciative of our lower rates.  
21 It's something that keeps coming up every meeting.  
22 Toward the center of this slide, you see that they  
23 love SMUD, and that's a really, really thing that  
24 happened.

25           When you go to these community meetings,



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1 they really barely ask about why the rates are going  
2 up. They thank us for the benefits that we bring to  
3 them, perhaps some programs that we are already  
4 supporting to them or something they are in the  
5 process to request from us. It was very  
6 overwhelming, that.

7           And, actually, in some of those  
8 meetings -- and I can't repeat exactly the same  
9 words, but one of the community members said -- he  
10 was coming from, literally, PG&E territory, and he  
11 was very happy with the rates that we have and that  
12 we are doing a good job with keeping those low. He  
13 didn't say exactly those words, but that was the  
14 takeaway that I took from him.

15           And through other venues, emails, or  
16 instant messages, I think the sentiment has been  
17 more that, yes, those customers, especially those in  
18 the fixed-income level, they do recognize that \$3,  
19 \$4 range is going to impact their budgets, and it is  
20 something they have to prepare for that. But at the  
21 same time, they recognize that we have a service to  
22 provide and then we keep rates at 50 percent below  
23 PG&E, something that I think the community knows.  
24 We see those signs, and we are trying to let them  
25 know that it has value that -- and as I mentioned



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1 earlier, it represents \$1.9 billion in savings that  
2 stays in our community, and they value that. And  
3 that's, in general, what we hear.

4 And, once again, we have provided updates  
5 to the Board with how we cover different meetings  
6 and different groups. So this is a general overview  
7 of that work.

8 And what's happening next, that's kind of  
9 what the contents of the presentation in terms of  
10 the rate proposal. We have the public review and  
11 comment period, and we are introducing the two draft  
12 rate resolutions. One is on the rates. The second  
13 one is on the Open Access Transmission Tariff.

14 The final decision, as the Board knows,  
15 has been scheduled at that meeting on June 19th at  
16 6:00 p.m. It's going to be virtual and some in here  
17 also.

18 We have been provided this contact  
19 information in all of the different material that we  
20 have available from the GM Report, the website, the  
21 collateral and fact sheet. The customers have been  
22 able to go up there and check those links, phone  
23 numbers, and address -- as being available to  
24 address new questions.

25 So at this time, this is the last slide of



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1 the presentation. So I'll close it right now here,  
2 and I will be happy to address any questions.

3 Scott Martin, and -- our chief financial  
4 officer and Melissa Kwong, Pricing Supervisor and  
5 Jen Restivo from Revenue and Strategy and Planning  
6 are here with me in case I cannot address some of  
7 those questions.

8 PRESIDENT FISHMAN: Thank you, Alcides.

9 Board members, we do have another  
10 presentation that we'll also consider, and we'll  
11 take questions on both of those after.

12 But if you have something burning to ask  
13 Alcides right now, we can do that, too.

14 Director Sanborn.

15 DIRECTOR SANBORN: Thank you,  
16 President Fishman.

17 And thank you, Alcides. That was really  
18 laid out and clear. I just have one quick question.  
19 So it looks like with the new updated cost-of-living  
20 number, we would be at 4 percent is what the  
21 increase would be from 2021 to 2027, correct?

22 SMUD MANAGER ALCIDES: Correct, that's the  
23 latest forecast that we see. We --

24 DIRECTOR SANBORN: It's trending up.

25 SMUD MANAGER ALCIDES: It's trending up.



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1 That's right, definitely.

2 DIRECTOR SANBORN: And we're doing a  
3 two-year budget, and they're each 3 percent per  
4 year. So I guess my question would be:

5 With the trends going this direction, are  
6 we concerned we're going to have enough? And, I  
7 mean, the tariffs and everything else going on in  
8 the world right now, I do have to ask that question.  
9 I think other people would be thinking that same  
10 question.

11 SMUD CFO MARTIN: Scott Martin, Chief  
12 Financial Officer. I really appreciate the  
13 question.

14 At this time, with the way the economy is  
15 and the various challenges that we're seeing, I  
16 think the one message that is coming, you know, loud  
17 and clear -- if you look at where the economy is  
18 today and where it may be going -- is that there's a  
19 lot of volatility. There's a lot of uncertainty,  
20 and there's a lot of risk.

21 So will inflation continue to be around  
22 that 3 percent level for the next two years,  
23 difficult to say with the forecast today.

24 We, however, are very confident in what  
25 we're doing in order to ensure our budget stays



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1 within the revenue that we're able to collect.

2 We, I think, have brought to the Board a  
3 number of contracts this year that have allowed us  
4 to look forward on key infrastructure equipment --  
5 like transformers and other key assets -- that we  
6 are already ordering and already, you know,  
7 procuring to ensure that our budgets for the future  
8 stay reasonable even if inflation were to take off.

9 In addition to that, we have continued our  
10 aggressive hedging program. We look forward at  
11 least a number of years -- two to three years out  
12 into the future -- on all of our commodity  
13 components. We evaluate risk. We evaluate  
14 volatility, and we take a look at how can we hedge  
15 and keep our commodity budget stable and reasonable.

16 The Board might also remember that we  
17 recently set aside some additional funds that are  
18 also available for us in case we have any kind of  
19 significant changes within the economy that could  
20 affect our budget or could affect our revenue needs  
21 going forward.

22 So I feel, you know, while we can't  
23 guarantee, obviously, that -- that we are fully and  
24 100 percent protected from what the economy may do  
25 over the next couple of years, I feel confident that



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1 we are prepared as we should be at this point and  
2 that the 3 percent is reasonable.

3 DIRECTOR SANBORN: Thank you very much.

4 I think it's very important, you know, to  
5 remind everybody that we're able to keep these rates  
6 low because our staff is doing a really good job of  
7 saving money, \$33 million on operational savings,  
8 doing the reserve funds. We're putting money aside  
9 for the rainy days and when things get bumpy.

10 Our procurement team is doing a great job.  
11 Our money managers are doing a great job, but this  
12 is not because it doesn't take work. It takes a lot  
13 of work and a lot of focus, and I really want to  
14 thank the staff for bringing forward rates this low,  
15 doing all the things that we're doing. Excellent  
16 work. Thank you very much.

17 PRESIDENT FISHMAN: I would just make one  
18 correction. We put money aside for the non-rainy  
19 days, for our Hydro Rate Stabilization Fund, okay.

20 DIRECTOR ROSE: One quick question.

21 PRESIDENT FISHMAN: Yes, Director Rose.

22 DIRECTOR ROSE: One of the things -- all  
23 this outreach, but I didn't see anywhere if there  
24 was anything that we heard or that we learned in all  
25 of that outreach that made us clarify or make some



1 modifications to the proposal from the staff.

2 SMUD MANAGER ALCIDES: What was the  
3 question?

4 DIRECTOR ROSE: You said everybody said  
5 we're great, nobody in these million impressions  
6 said "Boy, I have a question about this," and you  
7 went "Oh, well, let's clarify that" -- just outreach  
8 best management.

9 SMUD MANAGER ALCIDES: Thank you,  
10 Director Rose for that comment and general feedback.

11 There were questions, and a variety of  
12 questions, some -- I would say vast majority -- not  
13 directly related to the recommendation.

14 They often -- customers have questions  
15 about how can they gain access to benefits and  
16 programs. They did -- some of them, they did ask  
17 about -- for example, I recall in one of these  
18 meetings in reference to power and whether -- how  
19 our resources and from where we get those resources,  
20 and also in terms of the -- escalation of things,  
21 right? They do know that cost has gone up in  
22 general and whether, you know, this rate increases  
23 are -- cannot be avoidable.

24 So that's where the general context of  
25 them, at least the ones -- and the ones that we did



1 document it very -- not directly to the  
2 recommendation.

3           And also we were monitoring some of the  
4 chat line and different venues that people  
5 communicate. It was very interesting in how, you  
6 know, that the benefit that we bring to the  
7 community, and they are very aware that our rates  
8 are lower than PG&E, in that range of 50 percent.  
9 They made that comment very often. And then in  
10 those social media communications, even some of them  
11 communicating that they don't belong to the SMUD  
12 territory; they wish they could be and things of  
13 that nature.

14           It's a very conscious acknowledgement that  
15 the rates that we offer are low and then -- because  
16 we have been communicating that we're trying and  
17 we're committed to keep them within the rate of  
18 inflation, I think that has helped to, perhaps,  
19 bring other questions that they may have, knowing  
20 that actual inflation is a thing that have impacted  
21 many things, not just electricity but other things  
22 that they are aware in their daily lives.

23           I don't know if that addresses,  
24 Director Rose.

25           DIRECTOR ROSE: Thank you.



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1           PRESIDENT FISHMAN: Director Herber.

2           DIRECTOR HERBER: Thank you,  
3           President Fishman.

4           I wanted to ask you a little bit about the  
5           decrease in the facility's charge, or the  
6           opportunity there for people who use very little  
7           electricity to pay less of the facility's charge.  
8           And my question is:

9           How many people or households do you think  
10          that will impact, and will our call center be  
11          calling people, or will we be just waiting for them  
12          to come forward and say, you know, check me out for  
13          your new rate? How are we going to deal with that?

14          SMUD MANAGER ALCIDES HERNANDEZ: Great  
15          question, Director Herber.

16          We are currently actually working  
17          internally on how we actually are going to address  
18          the rollout of the rate. And I can share where we  
19          are.

20          We haven't finalized that, fully,  
21          implementation plan yet, but we have preliminary  
22          information on the number of customers that may be  
23          benefitting from this rate. I think a high-level  
24          number is, we believe, in the neighborhood of 15,000  
25          customers, that they consume low electricity in a



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1 consistent basis, and, also, the best information we  
2 have is that they have panels of up to 125 amps.

3 We are in the process of, as you may know,  
4 installing new meters to a group of customers, so  
5 the numbers, that I know, are going to be for  
6 residential in the range of 150,000 customers.

7 So as we are visiting those customers and  
8 replacing the meter, we are capturing and confirming  
9 the panel size that they have. So we will get  
10 additional information from there, so that could  
11 change our estimates.

12 But at the moment, with the, I will say,  
13 survey that we did and an extrapolation from that,  
14 we estimated at about 15,000. From those, it will  
15 depend. I think at the moment, we are thinking  
16 we're going to use these multichannels not exactly  
17 the same, how we did the time-of-day, that it was  
18 mass communication across the entire territory, but  
19 we will target this to those customers.

20 We, definitely, will send communications  
21 through, perhaps, letters or emails. We will, for  
22 sure, include a bill comparison to them to show, you  
23 know, how much they pay today with the other rate  
24 and how they will pay with the other rate. You're  
25 contemplating those, and we're working on those



1 tools that will help us to do that.

2 We will train the customer service  
3 representatives to make sure that they will follow  
4 the process that we are vetting right now: How to  
5 take care of those phone calls and how we will  
6 address the specific things that may happen that we  
7 don't know yet as the customers may -- may know that  
8 they would be interested, but we may not know what  
9 the size of the panel that they have, but they could  
10 help us to confirm that. And we are going through  
11 that process of how we're going to manage that.

12 But our goal is to have this rate -- we're  
13 working on the implementation side of things -- to  
14 be available by January of 2026 and prepare that  
15 marketing work, collateral, and things like that, to  
16 enroll customers as soon as we can.

17 DIRECTOR HERBER: Thank you.

18 You know, I also want to say that I  
19 appreciate the hard work that the rates department  
20 does. I appreciate the outreach from our community  
21 engagement folks. I do think SMUD is well loved in  
22 this community, and so people aren't going to  
23 necessarily say negative things about us.

24 But I guess I want everybody to understand  
25 that 3 percent is a lot for a family that's



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1 struggling. And, you know, I'm glad that our SMUD  
2 employees found \$33 million that they could save,  
3 and I also want to say I hope I don't have to keep  
4 approving 3 percent increases, 5 percent increases.  
5 I'd really like to see us be able to get down to,  
6 you know, 1 or 2 percent because I know people are  
7 impacted by this.

8               So, anyway, I just wanted to say those  
9 things.

10              PRESIDENT FISHMAN: Okay. Let's move on  
11 to our second presentation.

12              We did receive a request several weeks ago  
13 from Steve Uhler to provide an alternative rate  
14 proposal. We've given Mr. Uhler ten minutes to  
15 present his comments and an alternative proposal.

16              I don't see him in the room, but I believe  
17 we have made arrangements to play a video or some  
18 kind of presentation they put together.

19              SMUD CLO LEWIS: Yes, President Fishman.  
20 Mr. Uhler indicated he may not be able to join us.  
21 I just want to make sure that he's not trying to  
22 dial in.

23              So if Mr. Uhler is on the phone and  
24 wanting to provide public comments, can you please  
25 raise your hand.



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1 Oh, it looks like he might be calling

2 User 1. Can we activate that, then he can present.

3 Mr. Uhler, are you there? Mr. Uhler?

4 Is it activated?

5 STEVE UHLER: Can you hear me?

6 SMUD CLO LEWIS: Oh, there we go.

7 Yes, we can hear you.

8 PRESENTER STEVE UHLER: Yeah.

9 Board, my report and recommendations is  
10 not my public comment. The Public Utility Code  
11 14403.5(b) is not -- is what that report is. And it  
12 doesn't remember me to utilize my public comment.

13 PRESIDENT FISHMAN: Mr. Uhler, we're  
14 giving you ten minutes to make your presentation.  
15 You have ten minutes.

16 If you want to make another statement on  
17 items not on the agenda, you can have another  
18 three minutes. Right now your clock is ticking.

19 PRESENTER STEVE UHLER: You're violating  
20 my First Amendment right.

21 PRESIDENT FISHMAN: The clock is ticking,  
22 Mr. Uhler.

23 PRESENTER STEVE UHLER: That's fine. It  
24 will be ticking, but you are to consider that  
25 recommendation.



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1 I am not required to present any of it,  
2 and I am not doing that tonight. I will wait for  
3 you to view my recommendations and hear your  
4 comments.

5 SMUD CLO LEWIS: Mr. Uhler --

6 PRESENTER STEVE UHLER: You already are  
7 sitting --

8 You're already sitting with a Brown Act  
9 violation for not providing access to the videos,  
10 plus blocking them.

11 You better consider the situation of that,  
12 and the Board members even considering this.  
13 Because you are not going to use the situation that  
14 I made this as a public comment to allow you to  
15 consider it. You are not. You are not allowed to  
16 do that.

17 I am not commenting through that  
18 presentation. You consider that presentation at  
19 your own risk because it's not on the agenda.

20 I requested to be on the agenda. I was  
21 not put on the agenda.

22 So you'll note that I am not saying  
23 anything about what's in my recommendations. You  
24 need to view, read, and consider those outside of my  
25 public comment. I will be waiting to hear that



1    happen.

2               Bear in mind that there's already a  
3    Brown Act violation, already a violation.  You did  
4    not distribute all of my written recommendations.  
5    You didn't distribute the videos.  They exist.  They  
6    are on there.  I see the staff know where they are.  
7    They removed one.  They don't seem to know where the  
8    other copy of that one is.  It's still there.

9               You're violating the Brown Act by forcing  
10   me -- you're violating my First Amendment right by  
11   forcing and trying to characterize what I'm saying  
12   now as my public comment.  It is totally unconnected  
13   to my PUC 14403.5(b) written recommendation, written  
14   recommendation.

15              So you figure it out.  Yeah, you figure it  
16   out.  I have not -- I am not given the opportunity  
17   to comment on this agenda item if you're considering  
18   this as my comment on the agenda item.

19              PRESIDENT FISHMAN:  This is your  
20   opportunity, Mr. Uhler, and you are not taking it.

21              PRESENTER STEVE UHLER:  I reject that.  I  
22   reject that.

23              You cannot consider me speaking right now  
24   to be anything to do with my written recommendation.  
25   You cannot.  You cannot have a rule that forces me



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1 to say something I do not want to say. That's a  
2 First Amendment -- First Amendment right violation.  
3 You cannot force me. You cannot force me.

4 You also cannot not distribute all of the  
5 writings that are connected to my comment -- to  
6 my -- pardon me, to my -- my recommendation. You  
7 cannot not distribute the inclusions there. It's a  
8 Brown Act violation. You are to consider my written  
9 recommendation outside of the public comments.

10 If you don't, you're going to have to  
11 explain why you did not consider pursuant to 144035  
12 dot B.

13 So I'm waiting for you to proceed to  
14 consider my written recommendation. Your clock is  
15 ticking now. You are not to consider this.

16 PRESIDENT FISHMAN: Mr. Uhler, since we've  
17 given you ten minutes to present your recommendation  
18 and you're not doing that, I'm going to consider  
19 that your time now is up. So --

20 PRESENTER STEVE UHLER: No, you cannot do  
21 that.

22 PRESIDENT FISHMAN: You may --

23 PRESENTER STEVE UHLER: Even if you --

24 PRESIDENT FISHMAN: You may --

25 (Simultaneously speaking.)



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1           PRESENTER STEVE UHLER: If you say that --  
2           Do not talk over me. You already said --  
3 do not talk over me.

4           PRESIDENT FISHMAN: You may present your  
5 presentation or you may harangue us, but you cannot  
6 do both. So either choose to continue with the  
7 presentation of your rate proposal, or I will  
8 consider your 3 minutes of public comment to be up.

9           PRESENTER STEVE UHLER: Okay. In closing,  
10 I will not -- I will not present it, so it's not  
11 part of my public comment. I will not present it.

12          PRESIDENT FISHMAN: Thank you, Mr. Uhler.

13          PRESENTER STEVE UHLER: You have to  
14 consider it; otherwise, you're violating the Public  
15 Utility Code, but I will not present it.

16          PRESIDENT FISHMAN: Thank you, Mr. Uhler.  
17 We appreciate your comment.

18          PRESENTER STEVE UHLER: I am not  
19 presenting it. This is not my recommendation, a  
20 written recommendation.

21               I am speaking now. I'm giving testimony  
22 verbally. It has nothing to do with that document  
23 that you have as a second exhibit.

24               You better consider it or have another  
25 hearing. How about that? It's up to you.



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1 I would like to comment on your  
2 consideration. I would like to comment on your  
3 consideration of my written.

4 You'll note that the verbal, the (a)  
5 subdivision doesn't require you to consider  
6 anything, but (b) does because they know that you --  
7 you cannot be expected to consider things that are  
8 not on the agenda.

9 So, once again, you must consider my  
10 written comment. That is my comment on the  
11 situation. You're not -- so please do that, and  
12 then I will make my comment on your consideration.  
13 How's that? Anybody there?

14 PRESIDENT FISHMAN: Thank you, Mr. Uhler.

15 PRESENTER STEVE UHLER: I'll be waiting to  
16 hear your consideration.

17 PRESIDENT FISHMAN: Okay. We have some  
18 other public comments that we'd like to get to.

19 And these speakers have three minutes  
20 each. Please come to the podium and speak into the  
21 microphone, state and spell your name for the  
22 record. Please do not move the microphone. It's  
23 designed to pick up your voice at a distance, and  
24 please remember to direct your comments to the  
25 Board.



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1           If you have written materials you wish to  
2 provide to the board, you can hand them to SMUD  
3 security to distribute.

4           Our first speaker is John Weber.

5           PUBLIC COMMENTER JOHN WEBER: John Weber,  
6 J-O-H-N, W-E-B-E-R.

7           Firstly, I would just like to say I'm a  
8 long-term utility geek, and I've been a super fan of  
9 SMUD for about 20 years because of its history of  
10 forward-thinking. And I applaud you all for your  
11 100 percent renewable commitment.

12           I've looked at the rates. I've attended  
13 both of the rate workshops, and they're both very  
14 similar. I think a 3 percent raise of the rates  
15 seems fair for the kilowatt hour charges.

16           The infrastructure charge seems high  
17 already in my opinion. My last month's bill, it was  
18 about \$6 to \$7 for my infrastructure bill. I moved  
19 here in Texas. So the infrastructure bill seems  
20 very high to me. So I hope the 3 percent raise goes  
21 to the kilowatt hours.

22           I also got this sample bill in the mail  
23 just the other -- just a few days ago with my first  
24 bill. And I was looking at it, and something that I  
25 saw was interesting to me.



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1           For solar, the people that have solar  
2 panels -- I don't have solar panels -- it sounds  
3 like they're getting compensated like .074 cents per  
4 kilowatt hour regardless of the time of day, which  
5 to me seems pretty low.

6           I mean, I could understand the off-peak.  
7 It says the off-peak rate is 15 cents a kilowatt  
8 hour, and the solar people are getting 7.5 --  
9 basically 7.4 cents, which sounds reasonable, about  
10 half the rate. So when they overproduce, the power  
11 goes to their neighbor, SMUD makes 100 percent  
12 profit on it.

13           But then when you go to mid-peak, at 27 --  
14 or 20.77 cents, the solar people are still only  
15 getting .074, and that's 35 percent of what the rate  
16 is. And then when you go to summer peak, they're  
17 only getting 20 percent of the rate. So that means  
18 SMUD is marking up the power that goes to their  
19 neighbor by 500 percent.

20           So I think that the solar people should be  
21 given half of the rate time-of-use, so there should  
22 be three different rates of credits for the solar  
23 people. I think that would be more than fair than  
24 SMUD make 100 percent on all of the solar  
25 generators.



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1           The other thing I thought was interesting,  
2 EV credit, I thought is very much too low, 1.5 cents  
3 a kilowatt hour. My last utility, I Dream of  
4 (phonetic) Energy, I was getting free power at  
5 night. So EV owners, we just get free power at  
6 night; from 8:00 p.m. to 6:00 a.m. was free power.

7           I think the EV rate should be at least a  
8 5 cents -- a credit for that, and that was for  
9 100 percent renewable power, as well.

10           The other thing, since I'm running out of  
11 time, the reason I think you should time base solar  
12 is because we really need that energy from 5:00 to  
13 8:00 and that would incentivize people to put solar  
14 on the west-facing roofs so they would get a better  
15 rate of return.

16           Thank you very much and have a good  
17 evening.

18           PRESIDENT FISHMAN: Thank you, Mr. Weber.  
19 Roger Blackwell.

20           PUBLIC COMMENTER ROGER BLACKWELL: This  
21 rate increase you got is just about like treating  
22 our ratepayers like cash cows. How much can you  
23 milk out of them in one day. You keep raising the  
24 rates. How about Paul Lau, \$600,000.

25           Here, we got another one. This is a good



1 one. You're charging double. You charge for pole,  
2 lights, transformers, and then you go down into  
3 infrastructure, and you're charging again. What  
4 kind of scam is going on?

5 Now, I look at you people as nothing more  
6 than pigs sloughing at the financial trough. You  
7 want to see what it is. Now all you want to do is  
8 raise the rates.

9 Now, what are you going to do with -- let  
10 me go here. 500 -- five -- let's see, got to get  
11 the right word here. That's not it. Oh, here it  
12 is.

13 This year alone on the interest structure,  
14 you will get \$524 million and 9,030. Now, where  
15 does this money go? It seems like SMUD goes through  
16 money like crap through a goose. And what it is, a  
17 fart in the wind?

18 Just like this, you started out to say,  
19 "Oh, we're going to save money," but you don't tell  
20 people that from here to here, you get rid of the  
21 rate meter reader.

22 Now, what's the deal with D.E. Shaw. Why  
23 don't you tell these people that D.E. Shaw owns the  
24 solar system out there at Rancho Seco, Sloughhouse,  
25 and Coyote Creek, and god knows where. And you're



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1 buying power from them at the same time you cut the  
2 solar people down to nothing.

3 What's your example. I've asked this  
4 question now three times: What do SMUD pays  
5 D.E. Shaw per kilowatt hour? I need a number.

6 You -- either you know it, or you're  
7 stonewalling, or you're just damn stupid. What is  
8 it? I'm asking. I'm waiting. I don't hear  
9 nothing, but yet you want more money so you can say,  
10 "Oh, we need more money."

11 We got the money. Raise your wages,  
12 \$600,000 for Paul Lau. He wasn't even elected. How  
13 much do you make?

14 And you all need to take a class in public  
15 speaking.

16 PRESIDENT FISHMAN: Thank you,  
17 Mr. Blackwell. Your time is up.

18 Can we ask somebody to get the power  
19 purchase agreement price for the Rancho Seco array  
20 from D.E. Shaw and get that to Mr. Blackwell?

21 SMUD CLO LEWIS: Yes, we can do that.

22 PRESIDENT FISHMAN: Thank you.

23 Our next speaker is Vincent Mastrototaro.

24 PUBLIC COMMENTER VINCENT MASTROTOTARO:

25 I'm very concerned with the rate increase.



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1           Now, all you Board members are supposed to  
2 represent the public, right? Okay. Basically, SMUD  
3 is a monopoly. No one else can come in and sell  
4 electricity in Sacramento County.

5           Now, here are the rate increases we've had  
6 since January of '24: January 1st, we had 2.75; we  
7 had May the 1st, 3.72; January the 1st, 3.92;  
8 April of this year, we had 4.3- -- \$4.35, which is  
9 3 percent. And you voted for all of those.

10           Now, what -- do I have any confidence that  
11 you're not going to vote for this? If I go up to  
12 Reno and put my money, I guarantee you're going to  
13 vote for this because you voted for all of these  
14 increases, and you're supposed to be representing  
15 the public, but you're not.

16           If you voted for all of these, you're not  
17 looking out for the public. You're rubber-stamping  
18 everything that the CEO of SMUD wants. That's not  
19 what you're there for, but that's what you're doing.  
20 And I guarantee you, you'll probably approve this  
21 next one, as well.

22           Now, another question on the circuit  
23 breakers. I think 125-amp, you're giving them a  
24 special rate. Most people don't have that  
25 circuit breaker box anymore. It's an old system.



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1 Most everybody has 200-amp service, even in their  
2 older homes. So that is frivolous savings.

3 Okay. That's pretty much all I have to  
4 say, but I would like -- I'd like to get your vote  
5 after you vote for this -- because you'll probably  
6 all vote for it. I think if you do all vote for it,  
7 again, we need new board members who really  
8 represent the citizens here and will take a real  
9 look at what you want, instead of rubber-stamping  
10 every increase. Because it's a cumulative effect,  
11 it's -- 3 percent, 3 percent, it adds up.

12 How many people are -- how many ratepayers  
13 are there in Sacramento?

14 PRESIDENT FISHMAN: Somewhere north of  
15 600,000.

16 PUBLIC COMMENTER VINCENT MASTROTOTARO:  
17 That's a huge -- that's a huge amount of increase.  
18 What are you doing with the money? You have no  
19 competition. You have no competition.

20 (Three-minute time clock sounded.)

21 PUBLIC COMMENTER VINCENT MASTROTOTARO:  
22 Okay. I guess I'm done, right?

23 PRESIDENT FISHMAN: You're out of time,  
24 sir.

25 PUBLIC COMMENTER VINCENT MASTROTOTARO:



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1 Could I have a minute?

2 PRESIDENT FISHMAN: No.

3 PUBLIC COMMENTER VINCENT MASTROTOTARO:

4 No, okay.

5 PRESIDENT FISHMAN: Thank you for  
6 comments. We do appreciate it.

7 And just as a matter of process, tonight  
8 we may consider whether or not we will put one of  
9 the rate proposals that we've heard on the agenda  
10 for June 19th. We won't actually be voting on  
11 anything tonight.

12 PUBLIC COMMENTER VINCENT MASTROTOTARO:  
13 Okay. But you voted for all of these so far.  
14 Again, I put money on you'll vote on this. That's  
15 not good representation.

16 PRESIDENT FISHMAN: Thank you.

17 Alcides, you know, I just wanted to --  
18 since you're still at the podium, I wanted to give  
19 Board members another opportunity to comment on your  
20 rate proposal. We thought that we might actually  
21 get an alternative proposal tonight. We didn't  
22 really hear one, I don't think.

23 General Counsel?

24 SMUD CLO LEWIS: Laura Lewis, Chief Legal  
25 Officer.



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1           Yes, unfortunately, Mr. Uhler opted not to  
2     present his alternative rate proposal.

3           I just want to comment that this hearing  
4     was noticed in accordance with the Brown Act. He  
5     did request ten minutes. Normally we provide three  
6     minutes for public testimony or to present  
7     alternative rate proposal. He was granted ten. He  
8     chose not to use it.

9           That said, we have received his written  
10    proposal. It's posted on the SMUD Board website.  
11    And I believe our staff has had a chance to review  
12    it and can likely answer some questions about that  
13    proposal so the Board can consider it tonight.

14           And then, finally, the videos that  
15    Mr. Uhler referenced appear to be from 20- -- 2014,  
16    and we did not have access to those. So things did  
17    not work. And in accordance to the records  
18    management policy, if we ever had those videos, they  
19    were deleted. I believe they were from some  
20    internal learning sessions from 11 years ago.

21           Thank you.

22           PRESIDENT FISHMAN: Thank you.

23           And those records -- those links have been  
24    erased, destroyed, whatever, in accordance with our  
25    document retention policy.



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1 SMUD CLO LEWIS: Correct.

2 And the ones that Mr. Uhler sent over were  
3 not active.

4 PRESIDENT FISHMAN: Okay. Thank you.

5 Alcides, do you some additional comments?

6 And we will have more questions and/or  
7 comments from the Board.

8 SMUD MANAGER ALCIDES HERNANDEZ: Just some  
9 clarifications from the comments that we heard.

10 In general, I just want to remember I  
11 mentioned at the begin of the presentation, we are a  
12 none for-profit electric utility. I just want to  
13 emphasize that to the community.

14 So all of the revenue that we collect,  
15 that's spent to pay for the costs that it takes to  
16 run this utility, and that includes cost of power,  
17 maintenance of the distribution and the transmission  
18 grid, the different programs that we provide to the  
19 community, along with the maintenance and wildfire  
20 mitigation, and all regulatory items.

21 So there is no profit. We're not a  
22 for-profit utility. So there is no such thing that  
23 we're making money in that context, so I just want  
24 to clarify that to the community.

25 The second part is it's very typical that



1 a utility collects a fixed charge on customers'  
2 bills, and that is intended to collect at least some  
3 share of costs that doesn't vary on usage, and  
4 that's what we do today on the \$26.20. It used to  
5 be lower than that, but over the years we have  
6 raised that amount.

7           There are other utilities in the state  
8 that have higher charges than that. Up north, we  
9 have the City of Redding, \$30 per month, higher than  
10 we charge; locally here, City of Roseville, \$30;  
11 Modesto, about \$30, and other utilities that I can  
12 cite in that range.

13           And even higher than that in Southern  
14 California, there are utilities that, in addition to  
15 assessing a fixed charge, that is, the basic, they  
16 also assess a fixed charge based on infrastructure  
17 rate on the infrastructure that's fixed. We don't  
18 do that.

19           I just want to clarify that to the  
20 community, that we're not the ones who have the  
21 highest charge but that, yes, it used to be less  
22 than what we have today.

23           In terms of the electric vehicle credit,  
24 this was something that got approved around 10 or  
25 12 years ago in one of those rate processes to



1 incentivize electric vehicle adoption, and we have  
2 kept that in the time-of-day rate. So it's a  
3 benefit that the customers receive, and our  
4 statistics show that they receive about \$5 per  
5 month, those customers who are enrolled in that  
6 rate, and they receive the discount not only on the  
7 electric vehicle, but they receive it on the entire  
8 whole-house usage. I just want to clarify that.

9           One thing that we wanted to do -- and I  
10 just want to be very transparent with the community.  
11 When we set the solar and storage rate -- and the  
12 Board may remember it was a very large, extensive  
13 process -- our recommendation to the stakeholders,  
14 which were members of the solar community, storage,  
15 local contractors -- our recommendation was that we  
16 wanted to compensate by time-of-day given that we  
17 have a time-of-day rate, and that was our desire.

18           Throughout that stakeholder process, it  
19 came to us that the developers who were  
20 participating in that process and the solar  
21 advocates mentioned that that was complicated in  
22 that they not only have the -- in their words, the  
23 kitchen-table conversations with a customer, who  
24 they don't understand the time-of-day and those  
25 situations.



1           In order to make that simpler, easier to  
2 understand -- which aligns with our SD-2  
3 directives -- they will have preferred a flat price.  
4 So then so we removed that approach when we have  
5 having that conversations, and we ended with the  
6 rate that we have today.

7           So I just want to remember that to the  
8 community, that we did actually want to do it that  
9 way, by time-of-day, but it was from the feedback  
10 that we hear, and that's how we ended with that, the  
11 final recommendation.

12           And, lastly, about the 125-amps, you know,  
13 we do know that as we are gathering that  
14 information, we will get precise information on how  
15 the customers have those size of panels. We do know  
16 that most of the apartments, they do have that kind  
17 of amperage and also small homes. So that's what we  
18 hope that we will get, once we get confirmation to  
19 install those meters, and we will offer that rate to  
20 the customers who will benefit.

21           And, yes, Director Fishman, it was about  
22 600,000, the number of customers, related to the  
23 question. That's the residential accounts that we  
24 have so far.

25           And I think with that, I hope I'm not



1 missing anything that was brought up in the public  
2 comments.

3 PRESIDENT FISHMAN: Okay. Thank you.

4 Board members, any other questions or  
5 comments?

6 Director Bui-Thompson.

7 DIRECTOR BUI-THOMPSON: I just wanted to  
8 say thank you.

9 I know this is very hard. People may not  
10 remember, but before I joined the Board, the Board  
11 had significant increases. I've been on the Board  
12 for 17 years. And one of the items that I had great  
13 heartburn with is our increases were double, triple  
14 what we're proposing today for a good long history  
15 at SMUD.

16 And we do have different ways of cutting  
17 costs, and I thank the staff for that, but I just  
18 would rewind for people that these rate increases  
19 are very hard to keep so low.

20 In California, the average rate increase  
21 across California was over 20 percent. In 2024, the  
22 average bill was \$206. Our average bill is about  
23 145. It will go up, obviously, a little bit.

24 I came from PG&E territory where my family  
25 had to make very tough choices. Granted, even



1 3 percent is hard for many, but as a child who sat  
2 in a PG&E home without power when they increased  
3 rates 10 to 20 percent, that's a fairly significant  
4 hit. And not to say that 3 percent won't be hard  
5 because I've been in that situation where we had to  
6 choose between gas and food and lights, and lights  
7 were usually the first because PG&E bills were so  
8 high.

9           So I just -- I did want to commend the  
10 staff because any rate increase is hard. But COLA  
11 last year for Social Security was 2.5 percent, so  
12 for us to try to keep hovering around cost of living  
13 is a huge lift. And for people that have not  
14 experienced the rate increases, that I have my whole  
15 life until coming to Sacramento, it's going to get  
16 harder and harder, and keeping it at 3 percent,  
17 around 3 percent, will be exceptionally hard.

18           And so I appreciate the work and the cost  
19 savings, but I will be shocked in the future if we  
20 can continue these because -- you look at your food  
21 bill -- I mean, we joke about the price of eggs,  
22 right? The price of eggs have tripled in  
23 three months. Our rates haven't tripled.

24           And so I continue to implore the staff to  
25 find cost savings, and I know you will. But I know



1 it will continually get harder. And we will  
2 continue to push, right, for the low increases, but  
3 I do want to thank the staff. Because if you look  
4 at everybody around us, it's double-digit increases  
5 that will make it very hard for our neighbors to pay  
6 the bills.

7 And it's still difficult in SMUD  
8 territory, but I do understand the magnitude of work  
9 that you all had to do to keep these rates as low,  
10 and I know any rate increase is hard for all of us.  
11 But I do want to acknowledge the hard work to keep  
12 it at this rate. Because none of us want any rate  
13 increases, but I don't want to stand up here in  
14 three to five years and say 20 percent because we  
15 didn't do the right thing. So thank you.

16 PRESIDENT FISHMAN: Thank you,  
17 Director Bui-Thompson.

18 And I see Director Tamayo with his virtual  
19 hand raised.

20 VICE PRESIDENT TAMAYO: Yes. Thank you  
21 very much. Do you guys hear me okay?

22 PRESIDENT FISHMAN: Yes.

23 VICE PRESIDENT TAMAYO: Okay.

24 Yeah, you know, I understand the concern  
25 that members of the public have with raising rates



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1 at all and, you know, in particular folks who are --  
2 you know, make the least money, this will hurt them  
3 the most.

4 I would remind folks in the audience that  
5 we have many programs that are directly targeted  
6 towards folks that need the most help, whether it's  
7 our EAPR program, programs that help people use  
8 energy more efficiently, whether -- you know, like  
9 making improvements in their homes and even just  
10 making sure that they have an understanding of our  
11 time-of-day rates, and a lot of different ways that  
12 we reach out to try and make sure that everybody can  
13 afford to keep their lights on.

14 Now, keeping the lights on, you know, one  
15 commenter mentioned that, you know, we're  
16 responsible to the public. Well, we're very  
17 responsible for having a solvent company that will  
18 keep the lights on 24/7/365.

19 And, you know, we're keeping our rates  
20 below the cost-of-living increases that everybody is  
21 experiencing. And those cost-of-living increases,  
22 those affect our costs, as well, whether it's labor,  
23 whether it's all of the equipment and supplies that  
24 we need.

25 So, you know, our costs are going up.



1 That's where a lot of this money is going, is that  
2 our costs are going up. The costs for renewables is  
3 going up. The cost for commodities, you know, like  
4 natural gas is going up. And so we have to be able  
5 to pay those bills to keep the lights on and to keep  
6 our system reliable, making the improvements that we  
7 need to make that will actually make the whole  
8 system more efficient in the long run but also keep  
9 it reliable.

10 So that's where the money is going is  
11 keeping the lights on, and that's a very important  
12 thing to everybody in the public, as well. So we  
13 have to balance a lot of the different factors  
14 that -- you know, that the public considers. And  
15 keeping the lights on is one of the most important  
16 things.

17 So I do want to thank staff for doing so  
18 much to keep this below the cost-of-living  
19 increases. It's -- they've been doing that for  
20 years, and it takes a lot of effort, a lot of  
21 creativity, and a lot of, actually, even investments  
22 to make it so that we're more efficient.

23 So I'll end there. Thank you.

24 PRESIDENT FISHMAN: Thank you,  
25 Director Tamayo.



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1 Alcides, although Mr. Uhler chose not to  
2 use his time actually presenting his proposal, we do  
3 have an alternative proposal in front of us in  
4 writing. I have looked through it, and I know  
5 you've had a chance to do so, as well.

6 Do you have some thoughts about its --  
7 what are your thoughts about his proposal?

8 SMUD MANAGER ALCIDES HERNANDEZ: Yes,  
9 President Director Fishman.

10 We did have a chance to look at it. We  
11 received it over a week ago, and he sent us a  
12 revised version lately. And I will provide my  
13 overall assessment of that potential recommendation  
14 that he's making.

15 First of all, some of the comments are not  
16 directly related -- or part of that recommendation  
17 related to the rate proposal. A portion of the  
18 presentation was -- or that we didn't look through  
19 it, but when we review it, it was part of the  
20 Brown Act language in the Public Utility Code, which  
21 is not exactly an actual recommendation. It was  
22 more of a comment, a narrative on that.

23 Then toward the middle of the slides, then  
24 there are topics about something that he calls a  
25 path to equitable rates, which is what I'm going to



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1 focus more of my comments on that aspect of the  
2 document that he provided.

3 One of the topics that he mentioned is the  
4 better metering power factor. I don't -- this is a  
5 very technical term, by the way. I wouldn't expect  
6 that the general community or the general customer  
7 would understand what the "power factor" is, just at  
8 a high level will say that the "power factor" is  
9 something that measure the efficiency.

10 So we normally bill customers on something  
11 that we call "kW." That's a very standard  
12 measurement. So when the efficiency in the system  
13 is 100, then 1 kW equals to the power that we need  
14 to provide -- the need of the power.

15 And there is an alternative power that is  
16 called kVA -- instead of kW, kVA. So when that unit  
17 is 100 -- or 1 kW equal 1 kVA. There is no  
18 difference, but that is less efficient. Let's say  
19 50 percent, then 1 kW is equal to 2 kVA, so it's  
20 that ratio that varies. And I hope that with this  
21 simple explanation we understand that when we talk  
22 about power factor, we're talking about a whole  
23 different metering and billing way of doing things.

24 We do that for commercial customers  
25 because those are large loads. And as this load



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1 power factor is in those large factories, then it  
2 may impact the grid because there are large loads.  
3 And then -- so we do assess something that we call a  
4 "power factor charge" for the majority of the large  
5 commercial customers. They do have control to do  
6 something with it because they normally have staff  
7 to deal with the bills, the maintenance, and those  
8 kinds of things, and they also hire consultants or  
9 advisors to help with that.

10 It's not very typical in the residential  
11 type of service to assess that kind of charge. The  
12 reason for that is because it requires different  
13 metering equipment. So normally metering equipment  
14 does not track that.

15 As we adopted the new technology of meters  
16 that we have today, we found that some of those,  
17 very few, do have that -- we can call capability to  
18 record power factor, very few. As we are now  
19 replacing some of those meters with a new wave of  
20 meters, the majority of the new ones do not have  
21 that ability to do it, but we're not going to  
22 replace the entire residential meters.

23 As the Board knows, we're probably going  
24 to do 150,000 meters in the residential, and we  
25 still have 600,000 total, so that leaves a big



1 amount of customers who will not have that meter.

2           So just attempting to do it would require  
3 a massive investment to install the remainder of the  
4 meters to be fair with everyone because we believe  
5 that it's not just fair that just those who may have  
6 the meter will be subject to this charge, or  
7 potential charge and those who don't have the meters  
8 just don't.

9           But the most important aspect is that an  
10 individual customer load is so small, that really  
11 managing this power factor of individual loads is  
12 just not practical. And that's why our engineers,  
13 our designers, they take into account where the  
14 meters are observing low power factor, and they  
15 install the proper equipment to improve that from  
16 that point forward up to the chain of the grid but  
17 not an individual residential. That's one aspect.

18           The other part of it, if we were to do  
19 something like that, it goes, kind of, in conflict  
20 with SD-2 that tell us to design rates that are easy  
21 and simple to understand. And, quite frankly, as  
22 far as I know, there is no utility that does that at  
23 this moment, the charges power factor to residential  
24 customers.

25           And, lastly, it would require a



1 significant -- and this is heavily -- billing  
2 change, right? At the moment, we charge -- the way  
3 we do it with time-of-day, and it would require  
4 billing changes to add one more item on the bill.  
5 Along with that the calculation itself is not an  
6 easy math, but, you know, the meter can determine  
7 that, and we can work through that. It's  
8 complicated.

9           And in addition to that, evaluation of  
10 this, it would require a lot of analytical work to  
11 measure the impact the different customers will  
12 have. Some customers may have high power factor or  
13 medium and things like that. So it will be a  
14 different kind of billing that we're talking, and  
15 that is complex and in conflict with SD-2.

16           So for that reason, we recommend that this  
17 is not something that the Board should explore at  
18 this time. It's complicated, conflicts with SD-2,  
19 and requires a significant amount of meters to be  
20 fair with the entire residential population.

21           And, more importantly, individual  
22 customers don't have control over that. You know,  
23 they buy appliances. They buy refrigerators,  
24 microwaves, and things that the last thing that they  
25 check is what is the power factor of those devices.



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1 They buy what is already available that meets  
2 standards of the, you know, regulatory framework  
3 that we have, but power factor is not one of those  
4 things that is actually easily available. So for  
5 that reason, we do that as a distribution company,  
6 and we take care of that on behalf of the customers.

7 The second recommendation that he makes is  
8 something he calls "Improve Efficiency, parentheses,  
9 Loading Order." Part of that is more related to a  
10 policy than actually a billing or a rate. So it's  
11 more in a principle, and it is -- in that sense, it  
12 would be more toward the SD-2 type of principle.  
13 And at this time, this recommendation is  
14 specifically on revenue-related rates. So we  
15 recommend that this is not an item related to the  
16 rate proposal.

17 SMUD CLO LEWIS: Just because you say  
18 "SD-2," I just want to make sure the pubic is --

19 SMUD MANAGER ALCIDES HERNANDEZ: Oh, yes.

20 DIRECTOR SANBORN: It's Strategic  
21 Directives. It's the policies that we give to the  
22 staff.

23 SMUD MANAGER ALCIDES HERNANDEZ: Thank  
24 you, Director Sanborn. I forgot that we tend to use  
25 these acronyms. And thank you for reminding me.



1           PRESIDENT FISHMAN: Thank you. Appreciate  
2 it very much.

3           SMUD MANAGER ALCIDES HERNANDEZ: Yes, it's  
4 Strategic Directive 2, which is a summary of Board  
5 policies, rate design, and cost.

6           There is a charge that he included it in  
7 the presentation, is taken from the General  
8 Manager's Report. When we included that, we -- we  
9 do -- all the time when we design a new rate, we  
10 show the benefitters from the rate, in one side, and  
11 the non-benefitters on the other side. Because  
12 every time when we design a new rate, there will be  
13 those customers who may not benefit and others who  
14 do. So that's what we're attempting to do. He  
15 included that in the presentation. Again, our  
16 intention to use it was more to illustrate who are  
17 the potential benefitters and who don't benefit from  
18 the rate.

19           There is a third item, the "Less Cost  
20 Shift, parentheses, Equitable Rate." His point in  
21 that is that, once again, charging power factor will  
22 reduce cost shift.

23           And in that context, when we do a rate  
24 design, we look at the entire cost of providing  
25 service. We account for the cost of transmission



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1 lines, distribution, cost of the local  
2 infrastructure, customer care, administration, and  
3 things of that nature.

4 And in the case of commercial customers,  
5 once again, because they do have control and they  
6 can do something about the size and making sure that  
7 the power factor is efficient, we do assess that  
8 because it's practical, and they actually can do it.  
9 And it's actually a saving for SMUD because we don't  
10 do that investment. They do it on behalf on their  
11 own, and we don't do that.

12 We do offer to commercial customers  
13 something that we call power factor waiver because  
14 it's something that sometimes they just cannot fix  
15 it themselves. So then we allow them to pay a  
16 determined amount that reflects a fair amount of  
17 power factor, and then we -- with that, then we do  
18 the improvements for them.

19 In that part of the recommendation, we  
20 believe that, once again, as I mentioned earlier,  
21 the load from these very small residential  
22 customers -- we're talking about 6, 7-kW -- compared  
23 to large manufacturing companies, data centers, and  
24 hospitals, it wouldn't be practical to do that for  
25 individual customers.



1           We do, once again, as I mentioned earlier,  
2   have a similar equal (Indecipherable) level, which  
3   is more efficient rather than addressing them  
4   individually. And for that recommendation is, for  
5   us, not to consider that aspect of the power factor,  
6   which is cited in that part of Less Cost Shift by  
7   doing this cost power factor.

8           Conceptually -- I just want to clarify to  
9   the Board. Conceptually, yes, it's an approach that  
10   is logical, but impractical. In the residential  
11   customer, it's very difficult because of the  
12   complexity of it.

13           And, lastly, Mr. Uhler includes some  
14   points in his presentation that aren't really  
15   alternatives. We see that they are more like  
16   policies and not related to the rate proposal. So  
17   those are more related to better material resource  
18   planning. He makes reference to the applications  
19   that we use for that, and is unrelated to the rate  
20   proposal.

21           He mentioned something -- and I hope I'm  
22   pronouncing this right -- the Deming Prize Quality  
23   Award, something that is unrelated to. It's more of  
24   a best practice, perhaps, that we could pursue. And  
25   we appreciate his feedback on that, and we can read



1 about that.

2 And then, lastly, something about creating  
3 a standing committee for process improvement. We  
4 actually have one already. We have the -- the Board  
5 knows -- the Operational Excellence, something that  
6 we literally do regularly as part of what -- our  
7 regular practices to save costs. But we also  
8 have -- it's not related to the rate proposal, but  
9 we appreciate that he's thinking about those kind of  
10 processes which we already have in place.

11 I think that was to the extent I was able  
12 to review and provide the Board an overview  
13 assessment. So none of those at this time  
14 recommend -- some are policies we're not visiting at  
15 this moment, the Strategic Directive 2. And the  
16 rates-related are not practical given the situation  
17 of what we have.

18 And so we are recommending that the Board  
19 not consider that part of the recommendation.

20 PRESIDENT FISHMAN: Thank you, Alcides.

21 I just want -- my comments are that, you  
22 know, I did look at the material that Mr. Uhler  
23 provided, and thank you for confirming what I  
24 thought was, okay, this definitely is much more  
25 complex than our Strategic Directive 2 would



1 indicate is part of our policy. Most of our  
2 customers don't understand power factor. I'm not  
3 sure that I completely understand power factor.

4 So that's -- that's one thought, that it  
5 goes against our Strategic Directive 2 and its  
6 direction for simplicity as much as possible in our  
7 rate design.

8 My other thought was for most of the last  
9 20 years -- and to perhaps even before that -- SMUD  
10 has been recommended as one of the best public  
11 utilities in the country. And I think -- and I'm  
12 not taking credit, but certainly in the ten years  
13 that I've been on the Board, it has been recognized  
14 so. Our rates are among the lowest in California,  
15 and our customer service is consistently high.

16 And what Mr. Uhler is proposing is to  
17 completely change the way that we assess rates on  
18 our customers, and I see absolutely no reason to  
19 even think about doing that. What we have is  
20 working.

21 Having said that, yes, we have  
22 consistently seen rate increases over the last  
23 several years, relatively small and in keeping with  
24 the rate of inflation. And as all of my fellow  
25 Board members have suggested, we know that that's



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1 difficult for people.

2           The 3 percent that we're talking about  
3 over the next few years will add about roughly \$10  
4 to the average bill, and for some families that's a  
5 burden. We understand that, and we don't do this --  
6 we don't take it lightly.

7           I guess I'd like to address one of the  
8 comments that we're rubber-stamping what our staff  
9 proposes to us. And I would answer that with the  
10 thought, you know, our staff, certainly over the ten  
11 years that I've been on the board, has brought to us  
12 thoughtful, reasonable, defensible, rate proposals  
13 that reflect real data, facts that are provable, and  
14 a nuanced approach to providing enough revenue to  
15 keep this utility functioning well, providing the  
16 benefits it provides to the community, and not so  
17 high that we're unduly burdening our customers to  
18 the degree that that's possible, coupled with all of  
19 the things that we already talked about to reduce  
20 our overall costs and expenditures so we can keep  
21 the rate increases as long as possible.

22           So, Alcides, again, my thanks to you, to  
23 the entire rates team, and really the entire staff  
24 because this goes -- everything goes into this rate.  
25 This is a team effort, so thank you. I appreciate



1 that.

2

3 More comments from the Board?

4 Mr. Mastrototaro, I need you to fill out  
5 another form, and you can have another three --

6 A quick question, one quick question.

7 Could you come to the microphone, please.

8 VINCENT MASTROTOTARO: Electricity that  
9 you produce, how much of it is bought from someone  
10 else, what percentage?

11 PRESIDENT FISHMAN: It's going to vary  
12 from year to year, Mr. Mastrototaro. It depends a  
13 lot on what kind of hydroelectric resources we have,  
14 which depends on rainfall and snowpack up in the  
15 mountains. It's -- I think we produce roughly more  
16 than 50 percent, typically.

17 But we also go out to the market when it's  
18 less expensive to buy power on the open market  
19 when -- as opposed to either burning natural gas or  
20 running short hydro resources on a dry year, so  
21 we're always trying to maximize --

22 VINCENT MASTROTOTARO: That's fine. I  
23 sort of -- okay.

24 PRESIDENT FISHMAN: I gave you one  
25 question. If you'd like to --



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1 VINCENT MASTROTOTARO: That's it. Thank  
2 you.

3 PRESIDENT FISHMAN: If you'd like to make  
4 another comment, you can fill out another form and  
5 make comments in the section, that we're coming up  
6 to shortly, for public comments for items not on the  
7 agenda, okay? Thank you.

8 All right. At this time -- Director Rose.

9 DIRECTOR ROSE: Thank you. I have some  
10 questions and some responses.

11 So let me say this is a public comment,  
12 right? This Board, we meet a lot. We have a lot of  
13 committee meetings. We have five standing meetings  
14 a month. (Indecipherable.) We are here on the dais  
15 in our most formal attire. You're only seeing a  
16 little snippet of the daily operations.

17 Last month, we got the -- or in the last  
18 month or two, we got the operational report that  
19 shows exactly where our power came from last year.  
20 It would take me a couple of minutes to pull it up,  
21 and I'm happy to do that if you want to stay after  
22 the meeting.

23 But my point is, like, we spend a lot of  
24 time on this. We go through the spending. We have  
25 contracts come through here. We go through the



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1 budget in extreme detail, and I have some questions  
2 and comment on that. We go through our commodities.  
3 We're very much an open book.

4 But when we're in this formal hearing  
5 proceeding, it's not a back-and-forth conversation,  
6 but I am, and the staff, we're all happy to have the  
7 conversation.

8 The same goes to the solar policy. We  
9 spent two-and-a-half years on the solar evaluation  
10 policy and that policymaking, a whole back story,  
11 happy to talk about that.

12 So just keep that in mind, if you're just  
13 coming in tonight and you're hearing about all of  
14 these rate increases, we've all said, yeah, these  
15 things -- think it's a lot of money, but please just  
16 keep that in mind.

17 I have a couple of things. One, Alcides,  
18 just solar -- our solar changes, are we okay -- we  
19 are not making any changes to the solar policies  
20 neither in the value of -- the value that we're  
21 paying the export rate or -- also, it sounds like  
22 we're also not making any changes to the grandfather  
23 requirements, is that -- are we happy with the  
24 current policies? They seem to be working. Because  
25 this is the opportunity where we get to change



1 those.

2 SMUD MANAGER ALCIDES HERNANDEZ: That is  
3 correct, Director Rose.

4 The recommendation that we brought back in  
5 mid-March, has been out there in the community for  
6 the last three months, has no recommendations on  
7 changing net metering or solar storage policies, so  
8 what we have is what we'll continue to do.

9 I just want to remind the Board, however,  
10 that once the policy on the solar and storage rate  
11 got approved -- it feels like it was yesterday, but  
12 it was in 2021 -- yes, pretty positive it was in  
13 2021 -- and we implemented it right after that in  
14 March of 2022.

15 And so there was one provision in that  
16 policy that after a period of time -- four years  
17 specifically is what the policy said -- that we will  
18 look at that value of that compensation, that we're  
19 going to do a comprehensive stakeholder process like  
20 we did -- but we're going to look at based on index  
21 and factors like that to update that price and bring  
22 a recommendation to the Board.

23 So we are not at that point yet, but it's  
24 something I just want to remind the Board. So the  
25 policies says four years. We are on the third year



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1 now, so that is something that is on the horizon.

2 DIRECTOR ROSE: Some other questions.

3 And this is with the solar. I think one  
4 of the fundamental shifts on our solar policy is  
5 that if you have a solar system, it's your power,  
6 but you also need to use it and use it when you're  
7 generating it. SMUD is not particularly a battery.  
8 The grid does not operate that way, one little piece  
9 of that insight was one of the fundamental changes,  
10 and I wanted to throw that out there.

11 I'm curious about was there any thought  
12 about having some kind of midday low rate, like we  
13 do with our commercial rates. As we see a glut of  
14 solar and renewable generation, especially in the  
15 spring, summer, and fall, it seems like there's an  
16 opportunity there to provide, like, a charging  
17 discount, some kind of an inducement to use more  
18 power outside of 5:00 to 8:00 but also when they're  
19 using a glut of it. I was curious if you have any  
20 thoughts on that, and maybe not in this round but a  
21 future round.

22 SMUD MANAGER ALCIDES HERNANDEZ: Yeah, we  
23 did not in this rate proposal, Director Rose.

24 So our recommendation is continue to have  
25 existing time-of-day as we have it today, but that



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1 is something that we are monitoring.

2 As the Board may remember, just the last  
3 month we had a presentation by E3 on the aspect of  
4 the trends in the industry and things of that  
5 nature. So one of the takeaways from that  
6 presentation was that now we start seeing, at a  
7 system level, right, California as a whole, a lot of  
8 excess power during certain times of the day, so the  
9 more -- you may remember about that.

10 So the more solar gets into the system,  
11 then that will continue to create more of that. And  
12 at some point, certain times of the year, you  
13 have -- some of the generators asked to take that  
14 power, so that's what we are encouraging adoption of  
15 storage because it's when we want to store that  
16 power.

17 And so we continue to monitor that,  
18 Director Rose. We don't have any specific  
19 recommendation, but we will keep an eye on the  
20 trends and see whether there is a tweak or some  
21 adjustments needed.

22 DIRECTOR ROSE: I do know as we -- like,  
23 the grid -- for people who, like, aren't energy  
24 wonks, like me who has been doing this for  
25 20 years -- and the solar, I don't know, but the



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1 grid operation has done like a 180. We used to  
2 have, like, peak demand at noon. Fast forward 10 or  
3 15 years, peak demand is 6:00 p.m., right, in  
4 September -- net demand, I should say, so a lot if  
5 things -- go ahead.

6 SMUD CFO MARTIN: Scott Martin, CFO.

7 One of the things we want to do,  
8 especially since energy markets are changing rapidly  
9 and prices are very volatile, instead of  
10 memorializing, in a way, a price in the tariff that  
11 is fixed for a couple of years and then needs to get  
12 revisited a couple of years later and potentially  
13 adjusted again and then fixed again, and going  
14 through that kind of rate cycle, instead of doing  
15 something like that, what we've tried to do is start  
16 implementing programs which have the flexibility to  
17 offer incentives and value during those changing  
18 times and seasons to more closely match what the  
19 energy market really is doing on a more realtime  
20 basis and can adjust and fluctuate more quickly  
21 based on those markets.

22 And so that's really where we're going  
23 with a lot of our EV incentives and our EV rebates  
24 and our EV pricing.

25 DIRECTOR ROSE: Just a couple of things,



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1 almost wrapped up.

2 One of my comments is about just the  
3 timing of this. This is -- basically, our  
4 rate-making we do generally every two years. It's a  
5 two-year commitment looking forward.

6 Things just seem really uncertain, and  
7 there's talks of the tariffs and how are things  
8 going to roll through, and part of me wonders is it  
9 smart to make this decision? It's not for a couple  
10 of weeks, but is there -- or should we sort of kick  
11 it down the road and watch how things are  
12 developing? I don't know. It's sort of a train of  
13 thought just with what's going on.

14 And then the one last thing I wanted to  
15 mention -- I have a couple of other commitments.  
16 One thing I noticed -- I was at the California  
17 Municipal Utility Association annual conference  
18 about two months ago now, and one of the things I  
19 really noticed that resonated with me is that not --  
20 when we look at the rates, we're pretty close -- all  
21 the same with the other municipal utilities, public  
22 utilities, though we're all considerably less than  
23 Los Angeles still, but it's not apples to apples.

24 Some of these utilities did not have smart  
25 meters and some of the really, what we consider,



1 fundamental operational technologies, and they had  
2 big investments that they were going to have to  
3 make. And so some of that stuff, when we try to do  
4 apples-to-apples comparison with rates really gets  
5 lost.

6 And, of course, we're -- I just ran for  
7 reelection, right? Like, in October the average  
8 household was 57.8 percent less than PG&E's rates,  
9 which was 118 percent more. So it's always a  
10 challenge to know exactly where you're hitting the  
11 mark, but I just thought that was a real interesting  
12 insight. And that will be the extent of my comment  
13 at least for the moment.

14 SMUD CFO MARTIN: Scott Martin, CFO.

15 I just want to respond to one thing I  
16 think Director Rose said about potentially delaying  
17 or kicking this rate decision down the road a little  
18 bit.

19 One of the reasons why we started and  
20 targeted this end date was so that we could have the  
21 time between the Board's decision and the rate  
22 implementation to actually make all of the changes  
23 within our systems and be prepared for the rate  
24 change that's going to occur on January 1st. So we  
25 need that. We need that time period.



1           Any delay in that time period is really  
2 going to affect your ability and our testing and our  
3 effectiveness in being able to implement this with  
4 certainty on January 1st. And, again, any delay in  
5 terms of January 1st is an impact to our revenue,  
6 and that produces more financial risk for SMUD not  
7 less.

8           DIRECTOR ROSE: Real quick. I'm just  
9 about done.

10           Back in April I was asking about the day's  
11 cash on hand, and staff ran the analysis, and it was  
12 pretty clear without the rate proposal that we would  
13 drop below the minimum day's cash on hand without  
14 it.

15           And I thank you for sending me that  
16 analysis, and I also saw it in the General Manager's  
17 Report.

18           SMUD CFO MARTIN: Right. Any delay is  
19 going to have a significant impact on our financial  
20 metrics, including day's cash on hand, as you're  
21 mentioning, and likely will be definitely reflected  
22 within our credit ratings.

23           PRESIDENT FISHMAN: Yeah, the bond  
24 agencies are definitely watching.

25           Director Sanborn.



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1           DIRECTOR SANBORN: I'll keep this fast.

2   Thank you, President Fishman.

3           One of the things that we have not skimmed  
4   on, we focus a lot on customer service, safety, and  
5   reliability. And those things keep us stable and  
6   are partly why our credit ratings are good.

7           We've got a lot of -- this Board has been  
8   raising rates as we need it. We don't do it because  
9   we love doing it. We do it because we have to. And  
10   everybody's rates and costs are going up as our  
11   ours.

12           Just as an example, our wildfire insurance  
13   jumped \$22 million over the last couple of years.

14           And we are doing everything we can to keep  
15   safe. And we don't skimp on those things, but  
16   that's to be preventive to make sure we're not  
17   causing problems that cost the ratepayers down the  
18   road. So we've made the investments to be  
19   preemptive so that we can keep rates low. We can  
20   keep our insurances as low as we possibly can.

21           And I just want to remind everybody, our  
22   rates -- our interest rates that the banks are  
23   charging us are actually much lower. Our credit  
24   rating is very high now because we have been doing  
25   all this work. And those little tiny changes in our



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1 credit ratings make huge changes to how much we pay  
2 on debt.

3 So, again, I want to thank the staff.

4 Let's hope we can hold this where it is at the 3 and  
5 3, and the world is changing fast, as we've said,  
6 but this is all we can do at this point in time.

7 And I strongly support where we are and  
8 the proposal the staff brought forward. And we are  
9 not -- I can speak for all of us, I'm sure: We've  
10 done our homework. So thank you very much.

11 BOARD PRESIDENT FISHMAN: Director Herber.

12 DIRECTOR HERBER: Thank you, President  
13 Fishman.

14 I guess I also just wanted to make a  
15 couple of comments. I did look at Mr. Uhler's  
16 proposal, and I had similar issues with it that  
17 Alcides pointed out. Don't think it is practical  
18 for SMUD, and many of the things that are suggested  
19 in there we've already implemented.

20 So I do want to say we're always open to  
21 new ideas and ways to save money, but I didn't see  
22 anything in Mr. Uhler's proposal that really would  
23 have done that.

24 And I also, too, want to thank our staff  
25 for working really hard to keep our rates low.



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1 Obviously, they've been successful because we're,  
2 you know, over 50 percent lower, and we are the best  
3 and the brightest. So I expect us to continue to  
4 look for ways to keep the rates down.

5 And with that, just say thank you to staff  
6 one more time.

7 PRESIDENT FISHMAN: Okay. Seeing no more  
8 questions or comments from the Board, I will close  
9 the public hearing.

10 (Agenda Item 2 concluded at 7:53 p.m.)

11 (Further Board proceedings held, not transcribed.)

12 --oOo--

13 (Exhibits 1 through 11 were submitted to Reporter.)

14 --oOo--

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1 REPORTER'S CERTIFICATE

2 --oOo--

3 , CHERYL L. KYLE, a Certified Shorthand  
4 Reporter for the State of California, duly  
5 commissioned and a disinterested person, certify:

6 That the foregoing transcript was taken  
7 before me at the time and place herein set forth;

8 That the statements of all parties made at  
9 the time of the proceeding were recorded  
0 stenographically by me to the best of my ability and  
1 were thereafter transcribed into typewriting;

2 That the foregoing transcript is a record of  
3 the statements of all parties made at the time of the  
4 proceeding.

5 IN WITNESS WHEREOF, I subscribe my name on  
6 this 16th day of June, 2025.

7 

8  
9 Cheryl L. Kyle, CSR No. 7014  
0 Certified Shorthand Reporter  
1 State of California

2 Ref. No. 25138  
3  
4  
5



<b>\$</b>	<b>50:16</b>	<b>78:13</b>	<b>allowing (1)</b>	<b>68:18</b>
	<b>accordance (3)</b>	<b>adjustments (1)</b>	6:9	<b>applies (1)</b>
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<b>videos (4)</b> 37:9;38:5;50:14,18	<b>way (14)</b> 5:23;11:10,23; 13:17;18:17,20; 27:14;54:9;61:5,23; 64:2;70:17;76:8; 78:10	<b>workshop (1)</b> 6:20	<b>145 (1)</b>	<b>20- (1)</b> 50:15
<b>view (2)</b> 37:3,24	<b>ways (6)</b> 21:1;23:3;55:16; 58:11;83:21;84:4	<b>world (2)</b> 27:8;83:5		<b>20.77 (1)</b> 43:14
<b>Vincent (10)</b> 46:23,24;48:16,21, 25;49:3,12;72:8,22; 73:1	<b>web (1)</b> 21:18	<b>wrapped (1)</b> 79:1		<b>200 (1)</b> 15:6
<b>violating (4)</b> 36:19;38:9,10; 40:14	<b>Weber (4)</b> 42:4,5,5;44:18	<b>writing (1)</b> 60:4		<b>200-amp (1)</b> 48:1
<b>violation (5)</b> 37:9;38:3,3;39:2,8	<b>W-E-B-E-R (1)</b> 42:6	<b>writings (1)</b> 39:5		<b>2014 (1)</b> 50:15
<b>virtual (4)</b> 20:20;21:17;25:16; 57:18	<b>website (2)</b> 25:20;50:10	<b>written (11)</b> 38:4,13,13,24;39:8, 14;40:20;41:3,10; 42:1;50:9		<b>2016 (1)</b> 17:19
<b>virtually (1)</b> 21:19	<b>week (1)</b> 60:11	<b>Y</b>		<b>2017 (1)</b> 17:19
<b>visiting (2)</b> 33:7;69:14	<b>weeks (2)</b> 35:12;79:10	<b>year (13)</b>		<b>2021 (6)</b> 12:3,5,22;26:21; 75:12,13
	<b>west-facing (1)</b>			<b>2022 (1)</b> 75:14
				<b>2024 (5)</b>



10:8,11,21;12:12; 55:21	<b>40 (1)</b> 22:20	<b>9,030 (1)</b> 45:14		
<b>2025 (3)</b> 4:10,13;12:5	<b>5</b>			
<b>2026 (3)</b> 7:24;15:3;34:14	<b>5 (3)</b> 11:11;35:4;44:8			
<b>2027 (7)</b> 7:25;11:11;12:3,15, 22;14:2;26:21	<b>5:00 (2)</b> 44:12;76:18			
<b>2030 (1)</b> 11:10	<b>50 (9)</b> 11:1,14;14:24,24; 24:22;31:8;61:19; 72:16;84:2			
<b>20th (2)</b> 4:10;7:3	<b>500 (2)</b> 43:19;45:10			
<b>21 (2)</b> 12:12,15	<b>53 (1)</b> 22:17			
<b>24 (1)</b> 47:6	<b>57.8 (1)</b> 80:8			
<b>24/7/365 (1)</b> 58:18				
<b>25 (2)</b> 12:13,20	<b>6</b>			
<b>26 (4)</b> 9:1;12:6,13,21	<b>6 (2)</b> 18:22;67:22			
<b>26.20 (1)</b> 16:15	<b>6:00 (3)</b> 25:16;44:6;78:3			
<b>27 (6)</b> 9:1;11:9;12:7,13, 21;43:13	<b>6:02 (1)</b> 4:1			
<b>270-kilowatt (1)</b> 17:1	<b>6:07 (1)</b> 4:4			
<b>271,000 (1)</b> 22:7	<b>600,000 (3)</b> 48:15;54:22;62:25			
<b>3</b>	<b>65 (1)</b> 22:19			
<b>3 (25)</b> 7:23,25;11:12; 13:25;14:5;15:3,12; 27:3,22;29:2;34:25; 35:4;40:8;42:14,20; 47:9;48:11,11;56:1,4, 16,17;71:2;83:4,5	<b>7</b>			
<b>3.4 (1)</b> 16:19	<b>7.4 (1)</b> 43:9			
<b>3.6 (1)</b> 12:8	<b>7.5 (1)</b> 43:8			
<b>3.72 (1)</b> 47:7	<b>7:53 (1)</b> 84:10			
<b>3.8 (1)</b> 12:15	<b>70 (1)</b> 22:6			
<b>3.92 (1)</b> 47:7	<b>700 (1)</b> 13:22			
<b>30th (1)</b> 7:8	<b>750 (2)</b> 13:22,23			
<b>35 (1)</b> 43:15	<b>750-kilowatt (1)</b> 13:21			
<b>4</b>	<b>76 (2)</b> 7:5;20:11			
<b>4 (2)</b> 12:22;26:20	<b>7-kW (1)</b> 67:22			
<b>4.3- (1)</b> 47:8	<b>8</b>			
	<b>8:00 (3)</b> 44:6,13;76:18			
	<b>9</b>			



## **EXHIBIT 1**



# Exhibit to Agenda Item #2

## PUBLIC RATE HEARING

Chief Executive Officer and General Manager's Report and Recommendation on Rates and Services (Volumes 1 & 2) dated March 20, 2025, and Chief Executive Officer and General Manager's Report and Recommendation on Open Access Transmission Tariff (Volume 1) dated March 20, 2025, together the "CEO & GM Reports."

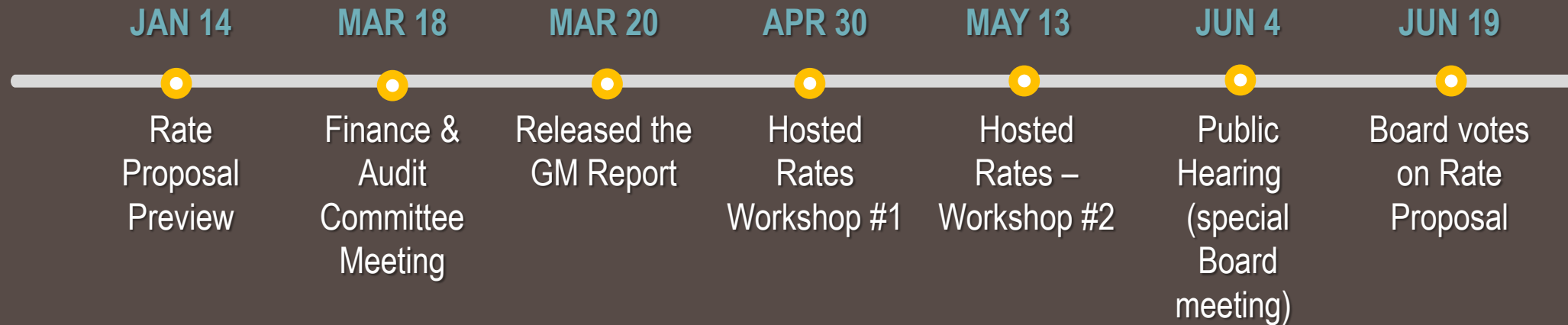
Special Board of Directors Meeting

Wednesday, June 4, 2025, scheduled to begin at 6:00 p.m.

SMUD Headquarters Building, Auditorium



# 2025 rate process timeline

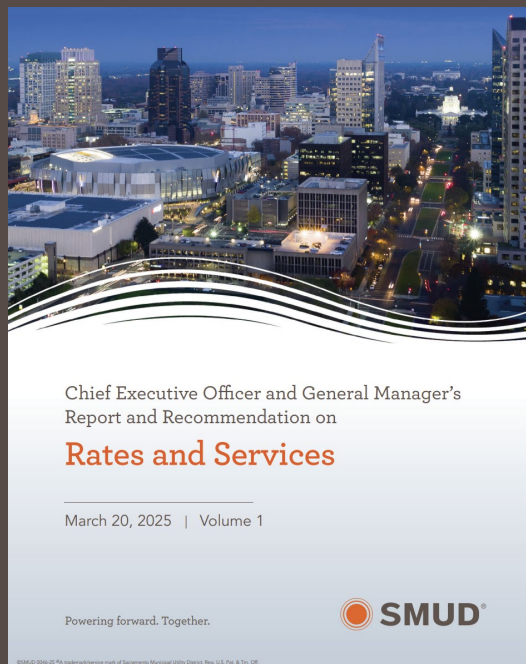


Three public notices were published on Mar 27, Apr 2 and Apr 8

← Extensive public education and outreach →



# Here's what's in the rate proposal



**3.0% rate increases** on Jan. 1, 2026 and Jan. 1, 2027 for all customers.



**Optional residential rate** for low usage customer with electrical panels  $\leq 125$  Amps.



**Updates to Open Access Transmission Tariff** for third parties who wheel power through the transmission system.



**Miscellaneous tariff language updates** for clarification and consistency.



# Rate increase drivers



**Increasing commodity costs for reliability and to meet new state Renewables Portfolio Standard Requirements.**



## **Capital spending to support world class reliability:**

- New generation and storage project costs to meet California clean energy compliance requirements
- Substation and line capacity projects to maintain a reliable grid
- New Folsom Administrative Operations Building to support reliability



**Wildfire prevention and the cost of inflation** to prevent and mitigate wildfires and address increased cost of material and services.

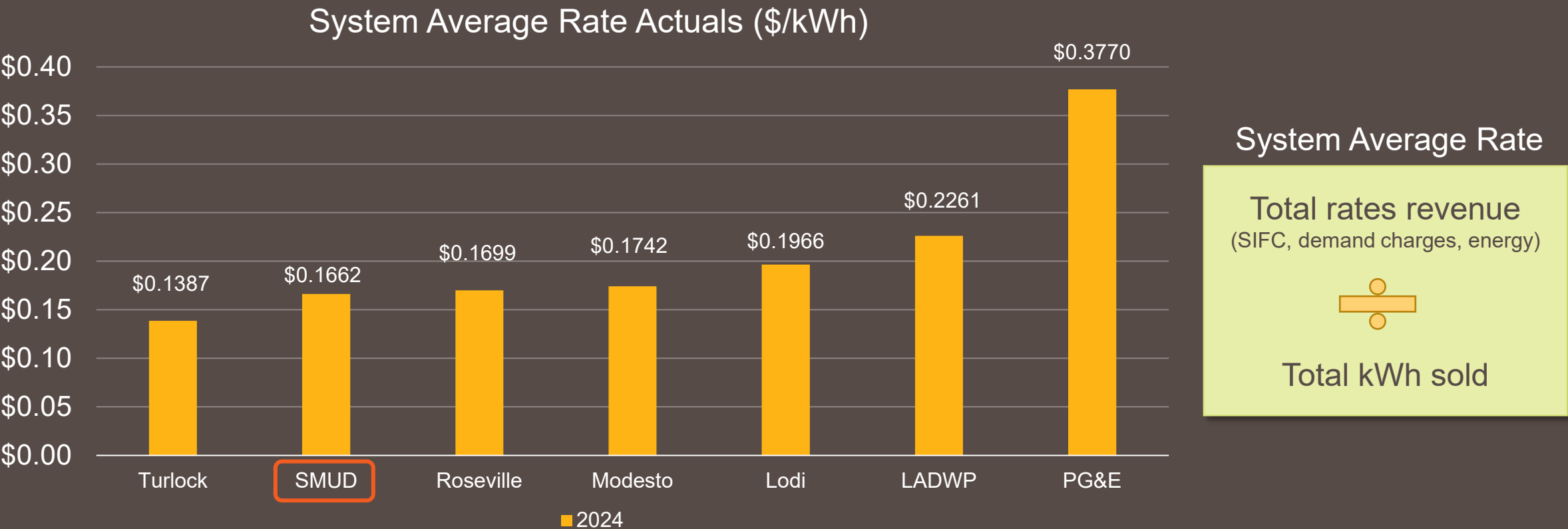
***SMUD is committed to keeping rate increases within inflation.***

***Continued internal focus on cost savings and efficiencies to minimize rate increases***

*For more details, please see the Rate Increase Drivers section in the GM Report.*



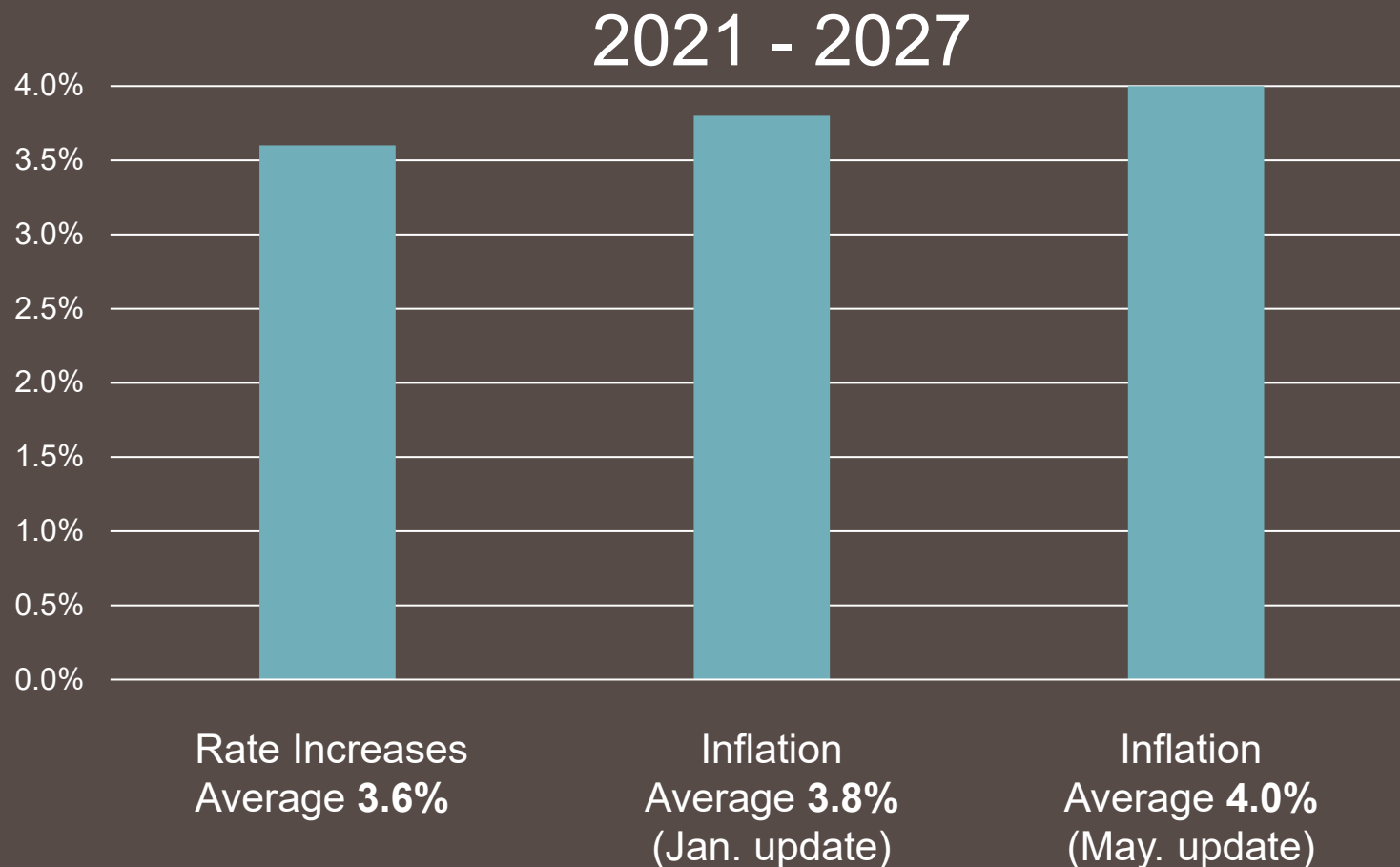
# System average rate comparison (\$/kWh)



Source: 2024: US Energy Information Administration (EIA-861 monthly) and self reported data



# Average rate increases vs. average inflation



- Our rate increases since 2021 have been below inflation.
- Based on conservative inflation estimates for 2025-27, our proposed rate increases will still have us below inflation.

Source: SMUD's historical adopted rate increases from 2021 through 2025 and proposed rate increases for 2026 to 2027. Historical inflation data from Bureau of Labor Statistics. Forecasted inflation data for 2025 to 2027 from IHS Markit



# Bill impacts with proposed rates

Average Monthly Bill Impacts				
Size	Average Monthly Bill	3.0% Rate Impact Jan. 1, 2026	3.0% Rate Impact Jan. 1, 2027	Total Bill Impact
Average residential at 750kWh usage	<b>\$144.92</b>	\$4.35	\$4.48	<b>\$8.83</b>
Small Commercial (<20 kW)	<b>\$202</b>	\$6	\$6	<b>\$12</b>
Small Commercial (20 – 299 kW)	<b>\$3,425</b>	\$103	\$106	<b>\$209</b>
Medium Commercial (500 – 999 kW)	<b>\$32,736</b>	\$982	\$1,012	<b>\$1,994</b>
Large Commercial ( >1,000 kW)	<b>\$101,901</b>	\$3,057	\$3,149	<b>\$6,206</b>
Agriculture (Ag & Pumping)	<b>\$445</b>	\$13	\$14	<b>\$27</b>

*Customers on our low-income Energy Assistance Program Rate (EAPR) & Medical Equipment Discount rate will see slightly different bill impacts than standard rate customers.*

*Amounts may reflect minor rounding differences*



# Energy Assistance Program Rate (EAPR) bill impacts

Average Monthly Bill Impacts					
Federal Poverty Level (FPL)	Average Monthly Usage	Average Monthly Bill	3.0% Rate Impact Jan. 1, 2026	3.0% Rate Impact Jan. 1, 2027	Total Bill Impact*
0% - 50%	737 kWh	<b>\$59.64</b>	\$3.45	\$3.59	<b>\$7.03</b>
50% - 100%	628 kWh	<b>\$84.47</b>	\$3.67	\$3.78	<b>\$7.46</b>
100% - 150%	672 kWh	<b>\$112.55</b>	\$4.00	\$4.12	<b>\$8.12</b>
150% - 200%	708 kWh	<b>\$129.02</b>	\$4.18	\$4.31	<b>\$8.49</b>

\* Average monthly bills impacts are estimated and include EAPR credits by Federal Poverty Level. Monthly kWh usage represents the average of that Federal Poverty Level.



# Proposed Optional Time-of-Day (Low Use) Rate

## Lower System Infrastructure Fixed Charge (SIFC)



Connecting customers to the distribution system, including the local transformer



Metering costs



Costs for customer service, billing & support



### How it works

- Lower SIFC of \$17 per month ↓
- Higher energy charges (+3.4¢ per kWh) ↑



### Who qualifies

- Customers with small panels ( $\leq 125$  amps)



### Who benefits

- Customers with low usage ( $\leq 270$  kWh per month)

This optional rate was designed to be revenue neutral.



# Other proposed rate changes



## Open Access Transmission Tariff (OATT)

- Pricing update to eight schedules to reflect current cost.
- Applies to transmission service.
- It does not impact retail customers.



## Distribution Wheeling Service (DWS)

- Updated prices by service voltage to reflect current cost.
- No customers enrolled on this rate.



## Miscellaneous tariff language updates

- ✓ Making consistent standby language across all tariffs.
- ✓ Clarifying Rule 6 language to make it consistent with current policy.
- ✓ Clarifying Rule 16 language on ownership and maintenance of certain equipment.
- ✓ Removing outdated language on service to annexation customers from Rule 16.



# Extensive outreach and communications

Our Rate Action outreach delivered transparent, clear outreach to the widest possible range of partners and customers. We provided our external partners with many options of resources to support communication with their diverse constituents.

## Extensive proactive outreach

Reached out to 1,500+ groups with a menu of options to share the proposed rate changes. Included email and personalized phone outreach to targeted groups.

## Many options to support partners

Offered external partners an opportunity for SMUD to speak at virtual or in-person meeting, newsletter article, slide decks, informational collateral, frequently asked questions, etc.

## Tailored presentations

For groups requesting a meeting, we tailored presentations based on audience type and time allotted and identified the most appropriate presenter(s).

## Maximize outreach across service area

Emphasized on balanced outreach across SMUD territory to reach customers. Will prioritize groups who have expressed interest in the past to make sure they received rate change information.



# Multi-pronged communications and outreach

## Optional low use residential rate outreach

- Multi-channel direct outreach to customers who will benefit from this rate option.

## Internal Communications

- Daily updates
- Internal news articles
- Employee training & engagement
- CEO video blog & company-wide meeting





# Public outreach process: direct engagement

Community & business leaders received emails, letters and/or phone calls to offer meetings & information.



2,800+

Local elected officials were mailed info packets and offered to meet.



53

Outreach at community events with a total of nearly 185,000 attendees.



65+



271,000+

Total emails to customers, local organizations and to our Listserv subscribers.



1,100+

Community & business partners were provided information, fact sheets, and recorded presentations to share with their constituents, members and networks.



~40

Community organizations, neighborhood associations, and key businesses received presentations and roundtable workshops.



# What we've heard from customers and stakeholders

Customers understand the proposal, find it straightforward and have been appreciative of our outreach. Below is some of the feedback received:

We're always happy to have SMUD come present to our association. It is always professional and informative.

Compared to the competition, I feel lucky to have SMUD. I trust SMUD to do what is right for Sacramento.

**We  
Love  
SMUD!**

The rate information presented was clear and easy to understand. I feel better knowing SMUD is willing to answer my questions.



# What happens next?

Public review and comment period on draft rates resolutions.

Final decision at the SMUD Board meeting on June 19, 2025 at 6:00 p.m.

via Zoom and at SMUD Headquarters - 6201 S Street, Sacramento

## Need more information?

- Read the CEO & GM's Reports on [smud.org/RateInfo](https://smud.org/RateInfo).
- Email questions or comments to [ContactUs@smud.org](mailto:ContactUs@smud.org) or call 855-736-7655.
- For tips on energy management, visit [smud.org/EnergyTips](https://smud.org/EnergyTips).
- To join the charge and be a Clean PowerCity Champion, visit [CleanPowerCity.org](https://CleanPowerCity.org).
- For **commercial** customer service, call **1-877-622-7683**.
- For **residential** customer service, call **1- 888-742-7683**.





# Questions?



## **EXHIBIT 2**



# Steve Uhler's report and recommendations

Path to equitable rates

June 4, 2025 Rate Hearing



# Brown Act and PUC 14403.5(b)

- This written recommendation has been submitted pursuant to PUC 14403.5(b)
- The SMUD Board is required to consider this recommendation at a hearing pursuant to PUC 14403.5
- Board quorum is four members
- The special meeting agenda does not list this recommendation as a item for discussion
- Brown Act GOV 54956 prohibits consideration of business not listed on the agenda
- Action will be taken at this special meeting



# Do any board members object to proceeding?

- Provide informed consent to proceed, Ask SMUD General Counsel about:
- Risks of a board quorum discussing business not listed on a special board meeting agenda (GOV 54956)
- Risks of depriving the public of information to which the member knows or has reason to know the public is entitled (GOV 54859)
- Pause slide for more time to respond



# Are the videos available to all?

- Did each board member watch all videos?  
answer for the record
- Did the public have access to all videos?  
answer for the record
- Pause slide for more time to respond



# Path to equitable rates

- Better metering (Power Factor)
- Improved efficiency (Loading Order)
- Less cost shifting (Equitable Rates)
- Better Material Resource Planning (MRP)
- The Deming Prize (Quality Award)
- Create a standing committee for process improvement (Take Action)



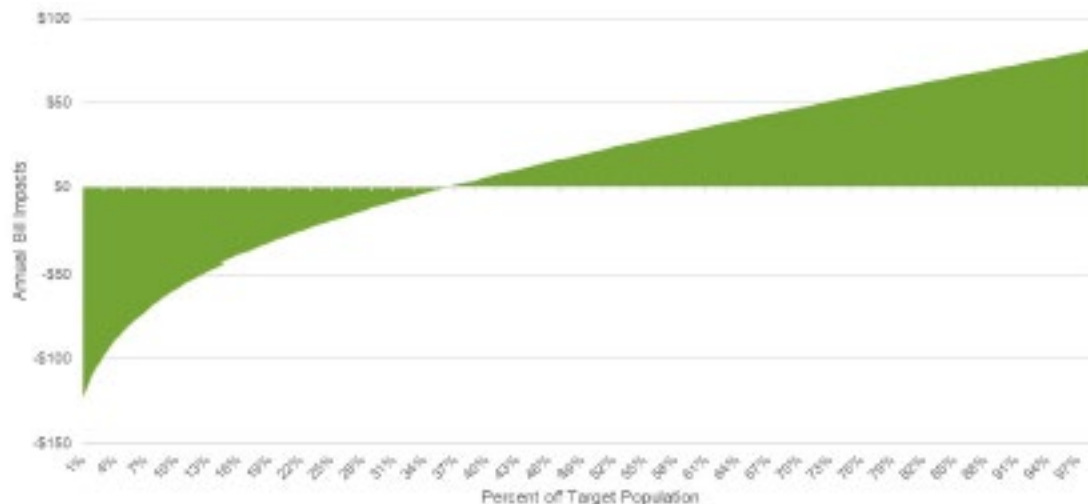
# Better metering (Power Factor)

- Electricity becomes a product "in the stream of commerce" at the utility meter
- Fong v. Pacific Gas & Electric Co. (1988) set in to law where electricity becomes a product
- Charging only for kilowatts overlooks power factor (PF) losses, requiring cost shifting in rates
- SMUD is installing 200,000 Itron Gen5 Riva meters for residential customer owners that measure PF by early 2026



# Improved efficiency (Loading Order)

- Loading order places efficiency above adding any new generation to the grid
- Rates that cost shift hide efficiency losses
- SMUD's low use rate design is unstable with large differences within the customer type





# Less cost shifting (Equitable Rates)

- Charging for power factor (PF) losses will reduce cost shifting
- PF of 1 (unity) is best
- Customers inductive loads cause PF losses
- Appliances such as refrigerators, washing machines, swimming pool pumps are some of the higher PF losses
- Cost for part of these PF losses are shifted to customers who chose appliances with PF that are closer to unity



# Better Material Resource Planning (MRP)

- Replace SMUD costly resource planning system
- It should not cost \$408 to find out how many residential customers have meters that record power factor (PF)
- SMUD staff appear unable to answer questions from the public on customer types directly related to the general manager's (GM) rate report
- Detailed customer type data should appear in GM report for each customer type [PUC 14403.3(b), 739.13(c)(2), and 740.16(d)]



# The Deming Prize (Quality Award)

- The Deming Prize is the longest running national quality award and one of the highest awards in the world
- It was established in 1951 to honor W. Edwards Deming who contributed greatly to Japan's proliferation of statistical quality control after World War II
- Back in 1989 Florida Power & Light became the first non-Japanese winner of the award



# Create a standing committee for process improvement (Take Action)

- I request the SMUD Board take action to create a standing committee to endeavor to receive a Deming Prize Award as Florida Power and Light achieved
- The SMUD Board has been provided with URLs taken from the SMUD Board's Video Library
- These videos tell a story pointing to the need to change culture at SMUD to stay competitive, and continue to be trusted by SMUD customer owners



# Video 1086





# Video 1146





# Video 1153





# Video 1480

## Customer Experience Is About Moments Of Truth Across The Entire Experience





# Thank you for considering my recommendations

June 4, 2025 Rate Hearing Presentation

Steve Uhler

sau @ wwmpd.com



## **EXHIBIT 3**



**From:** [Steve Uhler](#)  
**To:** [Gregg Fishman](#); [Public Comment](#)  
**Cc:** [Laura Lewis](#); [PRA](#)  
**Subject:** [EXTERNAL] Re: Please describe how the matter of considering my rate proposal will be called if it is not listed as a item of business on the agenda.  
**Date:** Tuesday, June 3, 2025 8:12:36 PM

---

**CAUTION:** This email originated from outside of SMUD. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Hello SMUD Board President Gregg Fishman,

Thanks for explaining the process for the hearing.

Please consider this and all my other emails and SMUD staff replies for the rate hearing, written comment submitted for the record pursuant to the agenda written public comment procedure for the June 4, 2025 special Board meeting for agenda item 2.

I trust you have watched the SMUD Board's Video Library videos and notified the other board members that I have incorporated the videos in my proposal by reference:

<https://smud.granicus.com/player/clip/1086>

<https://smud.granicus.com/player/clip/1146>

<https://smud.granicus.com/player/clip/1153>

<https://smud.granicus.com/player/clip/1480>

Video 1146 has been removed from the library since I notified the Board of including the videos in my proposal. I believe there is another copy of video 1146 under a different name still in the library.

Will all of the videos be made available by the SMUD Board to the public at some point pursuant to 54957.5 GOV-CHAPTER 9. Meetings 54950-54963?

If not, does the SMUD Board object to me uploading the videos I have referenced in my email submissions for the rate hearing, to the internet for public access?

If I am unavailable to participate in the June 4, 2025 meeting. You can consider my written proposal without me at the hearing, as the Board shall do pursuant to 14403.5.(b) PUC-CHAPTER 11.5. Hearings 14401-14403.5 wish to utilize my 10 minutes under 14403.5.(a) PUC-CHAPTER 11.5. Hearings 14401-14403.5 for the June 4, 2025 meeting for my proposal presentation. The presentation is set to auto advance, ~6 minutes, feel free to advance slides when fully read at the hearing.

Your staff should be able to answer questions about my presentation, such as why it costs over \$400 to know how many residential customer's have meters that measure and store the result of their reactive power, how the low use customer type affects EV customer types, why these two de facto customer types are not considered customer types, and other questions the Board may have about things that were said in the videos that could cause inequitable rates.



Also you can do web searches for other things like Deming Prize, Florida Power and Light, Fong v. PG&E(1988) I believe Fong will have a big effect on SMUD and its renewable credit claims, power factor, loading order, and others in my presentation. All of which affect and will affect SMUD's rates.

Please see that other members of the public see my proposal presentation and hear the Board's consideration, prior to their making comment on item 2 of the agenda for the June 4, 2025 meeting.

I will be waiting to read the transcript as to the Board's actions I have requested in the attached presentation, and why the videos were not made available to the public.

Steve Uhler  
[sau@wwmpd.com](mailto:sau@wwmpd.com)

On 6/3/2025 3:11 PM, Gregg Fishman wrote:

Mr. Uhler,  
Our agenda has a slot for public comment on items on the agenda. We usually give people 3 minutes. You asked for 10, and we granted that.  
I will call you to the podium at that time and your ten minutes will begin.

Our Board will not take final action on Wednesday. We will consider our staff proposal and yours, and any other alternatives that may be offered. We may, after the presentations and due consideration, decide to place a rate proposal on the agenda for the June 19 regular Board meeting.

If we do that, it would be with the goal of giving final approval to that proposal at the June 19 meeting.

Gregg Fishman  
SMUD Board President  
Ward 3

On Tue, Jun 3, 2025 at 2:40 PM Steve Uhler <[sau@wwmpd.com](mailto:sau@wwmpd.com)> wrote:

Hello Laura Lewis,

Please describe how the matter of considering my rate proposal will be called if it is not listed as a item of business on the agenda.

How will the public know my proposal is a separate matter for consideration?



Will the public be allowed to address the board the matter of considering my rate proposal and SMUD staff's proposal separately?

My proposal requests the board take action, how will debate be closed and action taken?

Steve Uhler  
[sau@wwmpd.com](mailto:sau@wwmpd.com)



# Steve Uhler's report and recommendations

Path to equitable rates

June 4, 2025 Rate Hearing



# Path to equitable rates

- Better metering (Power Factor)
- Improved efficiency (Loading Order)
- Less cost shifting (Equitable Rates)
- Better Material Resource Planning (MRP)
- The Deming Prize (Quality Award)
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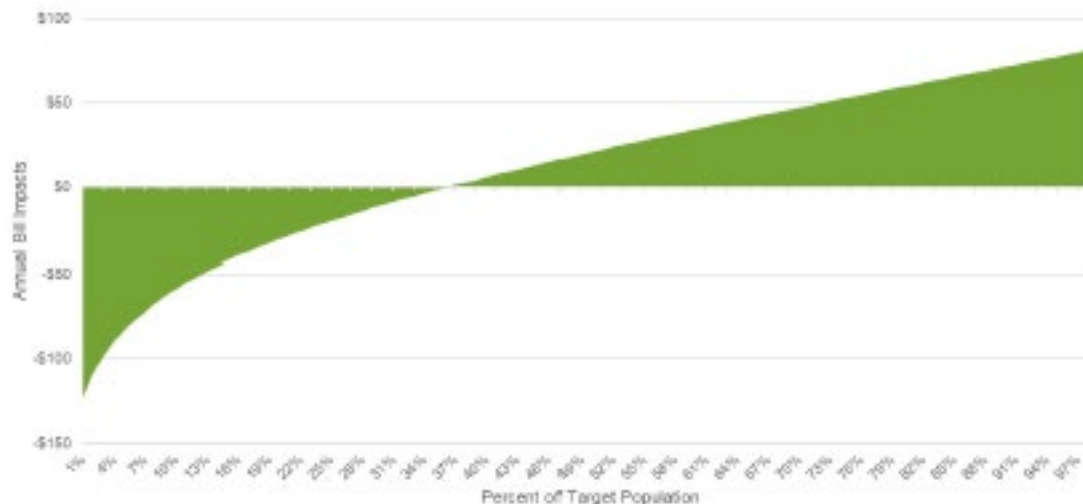
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# Video 1086





# Video 1146





# Video 1153



Sacramento Municipal Utility District

## Frankie McDermott's All Hands Meeting



# Video 1480

## Customer Experience Is About Moments Of Truth Across The Entire Experience





# Thank you for considering my recommendations

June 4, 2025 Rate Hearing Presentation

Steve Uhler

sau @ wwmpd.com



# **NOTICE OF SPECIAL MEETING AND AGENDA**

## **SACRAMENTO MUNICIPAL UTILITY DISTRICT BOARD OF DIRECTORS MEETING SMUD HEADQUARTERS BUILDING AUDITORIUM – 6201 S STREET SACRAMENTO, CALIFORNIA**

**Remote Telephonic Location:**  
Ritz Carlton Lake Tahoe  
13031 Ritz-Carlton Highlands Ct.  
Truckee, CA 96161

***June 4, 2025 – 6:00 p.m.***

### **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 SMUD Special Board of Directors Meeting Here](#)

**Webinar/Meeting ID:** 161 328 2560

**Passcode:** 355640

**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](mailto: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.

Call to Order.

a. Roll Call.

1. Approval of the Agenda.



**PUBLIC RATE HEARING:**

2. Chief Executive Officer and General Manager's Report and Recommendation on Rates and Services (Volumes 1 & 2) dated March 20, 2025, and Chief Executive Officer and General Manager's Report and Recommendation on Open Access Transmission Tariff (Volume 1) dated March 20, 2025, together the "CEO & GM Reports."

\* \* \* \* \*

***Comments from the public are welcome when these agenda items are called.***

**Discussion Calendar:**

3. Introduce draft rate resolutions to make changes to SMUD's Rates, Rules and Regulations and Open Access Transmission Tariff (OATT) proposed by the Chief Executive Officer and General Manager's Report and Recommendation on Rates and Services (Volumes 1 & 2) dated March 20, 2025, and the Chief Executive Officer and General Manager's Report and Recommendation on OATT (Volume 1) dated March 20, 2025, together the "CEO & GM Reports."

***Presenter: Alcides Hernandez***

\* \* \* \* \*

**Public Comment:**

4. Items not on the agenda.

\* \* \* \* \*

Dated: May 28, 2025

Gregg Fishman, President  
Board of Directors  
Sacramento Municipal Utility District



**Board Committee Meetings and Special Meetings of the Board of Directors are held at the SMUD Headquarters Building, 6201 S Street, Sacramento**

June 10, 2025	Strategic Development Committee and Special SMUD Board of Directors Meeting	Auditorium*	6:00 p.m.
June 11, 2025	Policy Committee and Special SMUD Board of Directors Meeting	Auditorium	6:00 p.m.
June 17, 2025	Finance and Audit Committee and Special SMUD Board of Directors Meeting	Auditorium	6:00 p.m.

\* \* \* \* \*

**Regular Meetings of the Board of Directors are held at the SMUD Headquarters Building, 6201 S Street, Sacramento**

June 19, 2025	Auditorium*	6:00 p.m.
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*\*The Auditorium is located in the lobby of the SMUD Headquarters Building, 6201 S Street, Sacramento, California.*

*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](http://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](mailto:Toni.Stelling@smud.org), or contact by phone at 1-916-732-7143, no later than 48 hours before this meeting.*



**State of California**

**GOVERNMENT CODE**

**Section 54956**

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54956. (a) A special meeting may be called at any time by the presiding officer of the legislative body of a local agency, or by a majority of the members of the legislative body, by delivering written notice to each member of the legislative body and to each local newspaper of general circulation and radio or television station requesting notice in writing and posting a notice on the local agency's Internet Web site, if the local agency has one. The notice shall be delivered personally or by any other means and shall be received at least 24 hours before the time of the meeting as specified in the notice. The call and notice shall specify the time and place of the special meeting and the business to be transacted or discussed. No other business shall be considered at these meetings by the legislative body. The written notice may be dispensed with as to any member who at or prior to the time the meeting convenes files with the clerk or secretary of the legislative body a written waiver of notice. The waiver may be given by telegram. The written notice may also be dispensed with as to any member who is actually present at the meeting at the time it convenes.

The call and notice shall be posted at least 24 hours prior to the special meeting in a location that is freely accessible to members of the public.

(b) Notwithstanding any other law, a legislative body shall not call a special meeting regarding the salaries, salary schedules, or compensation paid in the form of fringe benefits, of a local agency executive, as defined in subdivision (d) of Section 3511.1. However, this subdivision does not apply to a local agency calling a special meeting to discuss the local agency's budget.

(c) For purposes of subdivision (a), the requirement that the agenda be posted on the local agency's Internet Web site, if the local agency has one, shall only apply to a legislative body that meets either of the following standards:

- (1) A legislative body as that term is defined by subdivision (a) of Section 54952.
- (2) A legislative body as that term is defined by subdivision (b) of Section 54952, if the members of the legislative body are compensated for their appearance, and if one or more of the members of the legislative body are also members of a legislative body as that term is defined by subdivision (a) of Section 54952.

(Amended by Stats. 2011, Ch. 692, Sec. 9. (AB 1344) Effective January 1, 2012.)



**State of California**

**GOVERNMENT CODE**

**Section 54957.5**

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54957.5. (a) Agendas of public meetings are disclosable public records under the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1), and shall be made available upon request without delay and in compliance with Section 54954.2 or Section 54956, as applicable. However, this section shall not apply to a writing, or portion thereof, that is exempt from public disclosure.

(b) (1) If a writing is a public record related to an agenda item for an open session of a regular meeting of the legislative body of a local agency and is distributed to all, or a majority of all, of the members of a legislative body of a local agency by a person in connection with a matter subject to discussion or consideration at an open meeting of the body less than 72 hours before that meeting, the writing shall be made available for public inspection pursuant to paragraph (2) at the time the writing is distributed to all, or a majority of all, of the members of the body.

(2) (A) Except as provided in subparagraph (B), a local agency shall comply with both of the following requirements:

(i) A local agency shall make any writing described in paragraph (1) available for public inspection at a public office or location that the agency shall designate for this purpose.

(ii) A local agency shall list the address of the office or location designated pursuant to clause (i) on the agendas for all meetings of the legislative body of that agency.

(B) A local agency shall not be required to comply with the requirements of subparagraph (A) if all of the following requirements are met:

(i) An initial staff report or similar document containing an executive summary and the staff recommendation, if any, relating to that agenda item is made available for public inspection at the office or location designated pursuant to clause (i) of subparagraph (A) at least 72 hours before the meeting.

(ii) The local agency immediately posts any writing described in paragraph (1) on the local agency's internet website in a position and manner that makes it clear that the writing relates to an agenda item for an upcoming meeting.

(iii) The local agency lists the web address of the local agency's internet website on the agendas for all meetings of the legislative body of that agency.

(iv) (I) Subject to subclause (II), the local agency makes physical copies available for public inspection, beginning the next regular business hours for the local agency, at the office or location designated pursuant to clause (i) of subparagraph (A).

(II) This clause is satisfied only if the next regular business hours of the local agency commence at least 24 hours before that meeting.



(c) Writings that are public records described in subdivision (b) and distributed during a public meeting shall be made available for public inspection at the meeting if prepared by the local agency or a member of its legislative body, or after the meeting if prepared by some other person. These writings shall be made available in appropriate alternative formats upon request by a person with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and the federal rules and regulations adopted in implementation thereof.

(d) This chapter shall not be construed to prevent the legislative body of a local agency from charging a fee or deposit for a copy of a public record pursuant to Section 7922.530, except that a surcharge shall not be imposed on persons with disabilities in violation of Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and the federal rules and regulations adopted in implementation thereof.

(e) This section shall not be construed to limit or delay the public's right to inspect or obtain a copy of any record required to be disclosed under the requirements of the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1), including, but not limited to, the ability of the public to inspect public records pursuant to Section 7922.525 and obtain copies of public records pursuant to either subdivision (b) of Section 7922.530 or Section 7922.535. This chapter shall not be construed to require a legislative body of a local agency to place any paid advertisement or any other paid notice in any publication.

(Amended (as amended by Stats. 2021, Ch. 615, Sec. 208) by Stats. 2022, Ch. 971, Sec. 1. (AB 2647) Effective January 1, 2023.)



**State of California**

**PUBLIC UTILITIES CODE**

**Section 14403**

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14403. Before the board adopts any change in rates and charges for commodities or services furnished by an electricity district intended to increase or decrease revenues, the general manager shall file with the board a report and recommendation on the proposed changes in writing. Within 90 days, but not less than 30 days after the report is filed, except when unanticipated events cause a sudden and significant change in the electricity district's financial condition requiring an immediate response, the board shall hold a hearing on the report and recommendation. Notice of the time and place of the hearing shall be published within the district pursuant to Section 6063 of the Government Code, except that, in the case of an unanticipated event requiring an immediate response, notice may be given pursuant to Section 6063a of the Government Code.

(Added by Stats. 1986, Ch. 1396, Sec. 4.)



**State of California**

**PUBLIC UTILITIES CODE**

**Section 14403.5**

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14403.5. At the hearing held pursuant to Section 14403, the board shall do both of the following:

- (a) Permit any member of the public who has given 10 days advance written notice to present nonduplicative testimony on the proposed rate change or on any alternatives.
- (b) Consider any report and recommendations submitted in writing by any member of the public on alternatives to the rate changes proposed by the general manager.

(Added by Stats. 1986, Ch. 1396, Sec. 6.)



## **EXHIBIT 4**



**From:** [Steve Uhler](#)  
**To:** [Gregg Fishman](#); [Public Comment](#)  
**Cc:** [Laura Lewis](#); [PRA](#)  
**Subject:** [EXTERNAL] Steve Uhler amended June 4, 2025 SMUD Rate Hearing presentation  
**Date:** Wednesday, June 4, 2025 8:20:42 AM

---

CAUTION: This email originated from outside of SMUD. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Hello,

Please replace my June 4, 2025 SMUD Rate Hearing presentation with the attached "Steve Uhler's Alternate Rates and Recommendations-amended.ppt".

Steve Uhler  
[sau@wwmpd.com](mailto:sau@wwmpd.com)



# Steve Uhler's report and recommendations

Path to equitable rates

June 4, 2025 Rate Hearing



# Brown Act and PUC 14403.5(b)

- This written recommendation has been submitted pursuant to PUC 14403.5(b)
- The SMUD Board is required to consider this recommendation at a hearing pursuant to PUC 14403.5
- Board quorum is four members
- The special meeting agenda does not list this recommendation as a item for discussion
- Brown Act GOV 54956 prohibits consideration of business not listed on the agenda
- Action will be taken at this special meeting



# Do any board members object to proceeding?

- Provide informed consent to proceed, Ask SMUD General Counsel about:
- Risks of a board quorum discussing business not listed on a special board meeting agenda (GOV 54956)
- Risks of depriving the public of information to which the member knows or has reason to know the public is entitled (GOV 54859)
- Pause slide for more time to respond



# Are the videos available to all?

- Did each board member watch all videos?  
answer for the record
- Did the public have access to all videos?  
answer for the record
- Pause slide for more time to respond



# Path to equitable rates

- Better metering (Power Factor)
- Improved efficiency (Loading Order)
- Less cost shifting (Equitable Rates)
- Better Material Resource Planning (MRP)
- The Deming Prize (Quality Award)
- Create a standing committee for process improvement (Take Action)



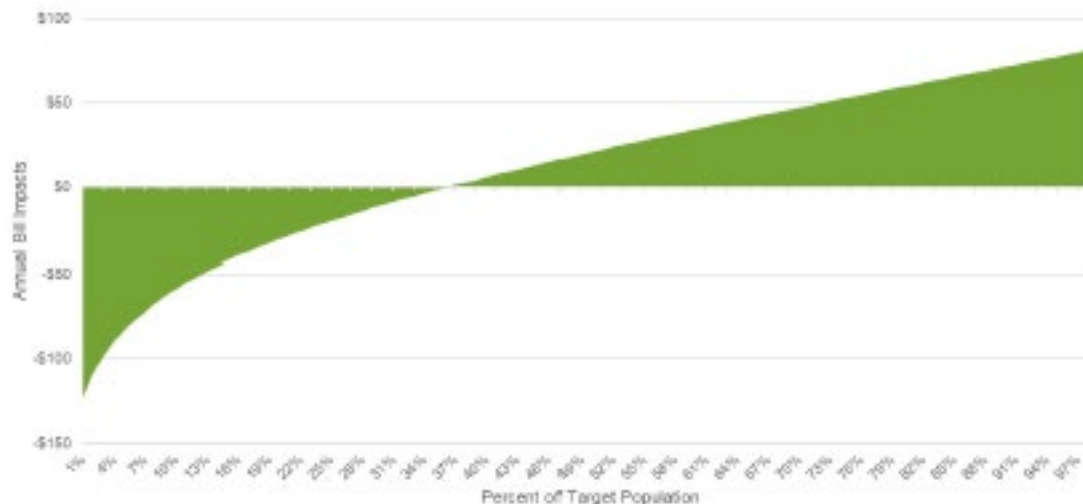
# Better metering (Power Factor)

- Electricity becomes a product "in the stream of commerce" at the utility meter
- Fong v. Pacific Gas & Electric Co. (1988) set in to law where electricity becomes a product
- Charging only for kilowatts overlooks power factor (PF) losses, requiring cost shifting in rates
- SMUD is installing 200,000 Itron Gen5 Riva meters for residential customer owners that measure PF by early 2026



# Improved efficiency (Loading Order)

- Loading order places efficiency above adding any new generation to the grid
- Rates that cost shift hide efficiency losses
- SMUD's low use rate design is unstable with large differences within the customer type





# Less cost shifting (Equitable Rates)

- Charging for power factor (PF) losses will reduce cost shifting
- PF of 1 (unity) is best
- Customers inductive loads cause PF losses
- Appliances such as refrigerators, washing machines, swimming pool pumps are some of the higher PF losses
- Cost for part of these PF losses are shifted to customers who chose appliances with PF that are closer to unity



# Better Material Resource Planning (MRP)

- Replace SMUD costly resource planning system
- It should not cost \$408 to find out how many residential customers have meters that record power factor (PF)
- SMUD staff appear unable to answer questions from the public on customer types directly related to the general manager's (GM) rate report
- Detailed customer type data should appear in GM report for each customer type [PUC 14403.3(b), 739.13(c)(2), and 740.16(d)]



# The Deming Prize (Quality Award)

- The Deming Prize is the longest running national quality award and one of the highest awards in the world
- It was established in 1951 to honor W. Edwards Deming who contributed greatly to Japan's proliferation of statistical quality control after World War II
- Back in 1989 Florida Power & Light became the first non-Japanese winner of the award



# Create a standing committee for process improvement (Take Action)

- I request the SMUD Board take action to create a standing committee to endeavor to receive a Deming Prize Award as Florida Power and Light achieved
- The SMUD Board has been provided with URLs taken from the SMUD Board's Video Library
- These videos tell a story pointing to the need to change culture at SMUD to stay competitive, and continue to be trusted by SMUD customer owners



# Video 1086





# Video 1146





# Video 1153



Sacramento Municipal Utility District

## Frankie McDermott's All Hands Meeting



# Video 1480

## Customer Experience Is About Moments Of Truth Across The Entire Experience





# Thank you for considering my recommendations

June 4, 2025 Rate Hearing Presentation

Steve Uhler

sau @ wwmpd.com



## **EXHIBIT 5**



**From:** [Steve Uhler](#)  
**To:** [Public Comment](#)  
**Cc:** [Laura Lewis](#); [PRA](#); [Toni Stelling](#)  
**Subject:** [EXTERNAL] Re: Steve Uhler amended June 4, 2025 SMUD Rate Hearing presentation  
**Date:** Wednesday, June 4, 2025 3:19:00 PM

---

CAUTION: This email originated from outside of SMUD. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Hello,

I was just on the board meeting website.

My presentation does not identify that it was amended.

How will the public be noticed of the change in my presentation?

Steve Uhler  
[sau@wwmpd.com](mailto:sau@wwmpd.com)

On 6/4/2025 11:22 AM, Public Comment wrote:

> Thank you for your submission. Your submission has been provided to the Board and posted on <http://smud.org> .  
>

> Thank you,  
> Toni Stelling  
> Executive Assistant - Paralegal, Executive Office  
> w.916-732-7143 | f.916-732-6581 | [toni.stelling@smud.org](mailto:toni.stelling@smud.org)  
>

> We're committed to 100% zero carbon by 2030 | Join the charge at  
[https://urldefense.com/v3/\\_http://CleanPowerCity.org\\_!!B5ObAA!Dw8yiRLfr0RS0cIXUqXrRscxj8mo-II1oj5k1a4m8T-cxSO-DWceS4R8FkvVO\\_JrJMplWUgbaNhAYg\\$](https://urldefense.com/v3/_http://CleanPowerCity.org_!!B5ObAA!Dw8yiRLfr0RS0cIXUqXrRscxj8mo-II1oj5k1a4m8T-cxSO-DWceS4R8FkvVO_JrJMplWUgbaNhAYg$)  
>

> SMUD | Powering forward. Together.  
> 6201 S Street, Mail Stop B308, Sacramento, CA 95817  
> P.O. Box 15830, Mail Stop B308, Sacramento, CA 95852-0830  
>

> Confidentiality Notice: The information in this email is for the intended recipient(s) alone. It may have confidential information or information protected by the attorney-client privilege, attorney work product doctrine, or other privilege. If you are not an intended recipient, do not copy, distribute or take any action that relies on it. Instead, notify me immediately by reply email, and then destroy this email.  
>

> -----Original Message-----

> From: Steve Uhler <[sau@wwmpd.com](mailto:sau@wwmpd.com)>  
> Sent: Wednesday, June 4, 2025 8:16 AM  
> To: Gregg Fishman <[gbfishman@gmail.com](mailto:gbfishman@gmail.com)>; Public Comment <[PublicComment@smud.org](mailto:PublicComment@smud.org)>  
> Cc: Laura Lewis <[Laura.Lewis@smud.org](mailto:Laura.Lewis@smud.org)>; PRA <[pra@smud.org](mailto:pra@smud.org)>  
> Subject: [EXTERNAL] Steve Uhler amended June 4, 2025 SMUD Rate Hearing presentation  
>

> CAUTION: This email originated from outside of SMUD. Do not click links or open attachments unless you recognize the sender and know the content is safe.  
>

> Hello,  
>



> Please replace my June 4, 2025 SMUD Rate Hearing presentation with the attached "Steve Uhler's Alternate Rates and Recommendations-amended.ppt".

>

> Steve Uhler

> sau@wwmpd.com



## **EXHIBIT 6**



**From:** [Steve Uhler](#)  
**To:** [Gregg Fishman](#); [Public Comment](#)  
**Cc:** [Laura Lewis](#); [PRA](#)  
**Subject:** [EXTERNAL] Re: Please describe how the matter of considering my rate proposal will be called if it is not listed as a item of business on the agenda.  
**Date:** Wednesday, June 4, 2025 4:04:48 PM

---

**CAUTION:** This email originated from outside of SMUD. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Comment for agenda item 2

Hello President Fishman,

When you said "We will consider our staff proposal and yours", who is the "We"? Is it the Board?

Also you said "Our agenda has a slot for public comment on items on the agenda.". Are you saying, at a special meeting, The Board can discuss a PUC 14403.5(b) written matter from the public unrelated to the agenda item 2 for the rate changes proposed by the general manager?

If so I am looking forward to the Board resolving the issue of me not being listing separately on the agenda, re my agenda request, the issue of the public's access to the videos in the Board's Video Library by blocking access to previously disclosed video records. These are primary matters on my alternatives to the rate changes proposed by the general manager, the rest could be done by a motion to committee.

Steve Uhler  
[sau@wwmpd.com](mailto:sau@wwmpd.com)

On 6/3/2025 3:11 PM, Gregg Fishman wrote:

Mr. Uhler,  
Our agenda has a slot for public comment on items on the agenda. We usually give people 3 minutes. You asked for 10, and we granted that.  
I will call you to the podium at that time and your ten minutes will begin.

Our Board will not take final action on Wednesday. We will consider our staff proposal and yours, and any other alternatives that may be offered. We may, after the presentations and due consideration, decide to place a rate proposal on the agenda for the June 19 regular Board meeting.

If we do that, it would be with the goal of giving final approval to that proposal at the June 19 meeting.

Gregg Fishman  
SMUD Board President  
Ward 3



On Tue, Jun 3, 2025 at 2:40 PM Steve Uhler <[sau@wwmpd.com](mailto:sau@wwmpd.com)> wrote:

Hello Laura Lewis,

Please describe how the matter of considering my rate proposal will be called if it is not listed as a item of business on the agenda.

How will the public know my proposal is a separate matter for consideration?

Will the public be allowed to address the board the matter of considering my rate proposal and SMUD staff's proposal separately?

My proposal requests the board take action, how will debate be closed and action taken?

Steve Uhler  
[sau@wwmpd.com](mailto:sau@wwmpd.com)



## **EXHIBIT 7**



**From:** [Steve Uhler](#)  
**To:** [Laura Lewis](#); [Gregg Fishman](#); [Public Comment](#)  
**Cc:** [PRA](#)  
**Subject:** [EXTERNAL] Re: Please describe how the matter of considering my rate proposal will be called if it is not listed as a item of business on the agenda.  
**Date:** Wednesday, June 4, 2025 5:12:43 PM

---

**CAUTION:** This email originated from outside of SMUD. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Agenda Item 2 comment

Hello Laura Lewis,

I am not required to present my written alternatives to the rate changes proposed by the general manager to the Board.

Perhaps you have overlooked, PUC 14403.5(b) is a separate provision from PUC 14403.5(a), re "both" are provided to the public. As such only the Board is given a requirement, and that is to consider my written alternatives to the rate changes proposed by the general manager pursuant to PUC 14403.5(b).

Yes President Fishman has given me ten minutes, I will use that time for my right under PUC 14403.5(a) per ordinance 15-1.

I look forward to hearing the Board's consideration of my written alternatives to the rate changes proposed by the general manager.

I may then decide to use my ten minutes for my right under PUC 14403.5(a) per ordinance 15-1.

As to the links, they work when not blocked by SMUD.

Steve Uhler  
[sau@wwmpd.com](mailto:sau@wwmpd.com)

On 6/4/2025 4:21 PM, Laura Lewis wrote:

Mr. Uhler,

As in past rate proceedings, you will have an opportunity to present your alternative rate proposal for up to 10 minutes after the staff makes its presentation. President Fishman will call you up to the podium. During the public hearing, the Board may discuss your proposal, as well as the Staff proposal. Please note that we will not be stopping the clock during your presentation to answer the questions that you raised. If the Board wishes to respond to your questions, they may do so or they may direct staff to respond.



We received the videos that you sent but the links do not work and we cannot access the content.

We look forward to seeing you tonight.

**From:** Steve Uhler <[sau@wwmpd.com](mailto:sau@wwmpd.com)>  
**Sent:** Tuesday, June 3, 2025 8:07 PM  
**To:** Gregg Fishman <[gbfishman@gmail.com](mailto:gbfishman@gmail.com)>; Public Comment <[PublicComment@smud.org](mailto:PublicComment@smud.org)>  
**Cc:** Laura Lewis <[Laura.Lewis@smud.org](mailto:Laura.Lewis@smud.org)>; PRA <[pra@smud.org](mailto:pra@smud.org)>  
**Subject:** [EXTERNAL] Re: Please describe how the matter of considering my rate proposal will be called if it is not listed as a item of business on the agenda.

**CAUTION:** This email originated from outside of SMUD. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Hello SMUD Board President Gregg Fishman,

Thanks for explaining the process for the hearing.

Please consider this and all my other emails and SMUD staff replies for the rate hearing, written comment submitted for the record pursuant to the agenda written public comment procedure for the June 4, 2025 special Board meeting for agenda item 2.

I trust you have watched the SMUD Board's Video Library videos and notified the other board members that I have incorporated the videos in my proposal by reference:

<https://smud.granicus.com/player/clip/1086>

<https://smud.granicus.com/player/clip/1146>

<https://smud.granicus.com/player/clip/1153>

<https://smud.granicus.com/player/clip/1480>

Video 1146 has been removed from the library since I notified the Board of including the videos in my proposal. I believe there is another copy of video 1146



under a different name still in the library.

Will all of the videos be made available by the SMUD Board to the public at some point pursuant to 54957.5 GOV-CHAPTER 9. Meetings 54950-54963?

If not, does the SMUD Board object to me uploading the videos I have referenced in my email submissions for the rate hearing, to the internet for public access?

If I am unavailable to participate in the June 4, 2025 meeting. You can consider my written proposal without me at the hearing, as the Board shall do pursuant to 14403.5.(b) PUC-CHAPTER 11.5. Hearings 14401-14403.5 wish to utilize my 10 minutes under 14403.5.(a) PUC-CHAPTER 11.5. Hearings 14401-14403.5 for the June 4, 2025 meeting for my proposal presentation. The presentation is set to auto advance, ~6 minutes, feel free to advance slides when fully read at the hearing.

Your staff should be able to answer questions about my presentation, such as why it costs over \$400 to know how many residential customer's have meters that measure and store the result of their reactive power, how the low use customer type affects EV customer types, why these two de facto customer types are not considered customer types, and other questions the Board may have about things that were said in the videos that could cause inequitable rates.

Also you can do web searches for other things like Deming Prize, Florida Power and Light, Fong v. PG&E(1988) I believe Fong will have a big effect on SMUD and its renewable credit claims, power factor, loading order, and others in my presentation. All of which affect and will affect SMUD's rates.

Please see that other members of the public see my proposal presentation and hear the Board's consideration, prior to their making comment on item 2 of the agenda for the June 4, 2025 meeting.

I will be waiting to read the transcript as to the Board's actions I have requested in the attached presentation, and why the videos were not made available to the public.

Steve Uhler  
[sau@wwmpd.com](mailto:sau@wwmpd.com)

On 6/3/2025 3:11 PM, Gregg Fishman wrote:

Mr. Uhler,

Our agenda has a slot for public comment on items on the agenda. We usually give people 3 minutes. You asked for 10, and we granted that.

I will call you to the podium at that time and your ten minutes will begin.



Our Board will not take final action on Wednesday. We will consider our staff proposal and yours, and any other alternatives that may be offered. We may, after the presentations and due consideration, decide to place a rate proposal on the agenda for the June 19 regular Board meeting.

If we do that, it would be with the goal of giving final approval to that proposal at the June 19 meeting.

Gregg Fishman

SMUD Board President

Ward 3

On Tue, Jun 3, 2025 at 2:40 PM Steve Uhler <[sau@wwmpd.com](mailto:sau@wwmpd.com)> wrote:

Hello Laura Lewis,

Please describe how the matter of considering my rate proposal will be called if it is not listed as a item of business on the agenda.

How will the public know my proposal is a separate matter for consideration?

Will the public be allowed to address the board the matter of considering my rate proposal and SMUD staff's proposal separately?

My proposal requests the board take action, how will debate be closed and action taken?



Steve Uhler  
[sau@wwmpd.com](mailto:sau@wwmpd.com)



## **EXHIBIT 8**



**From:** [Steve Uhler](#)  
**To:** [Gregg Fishman](#)  
**Cc:** [Public Comment](#); [Laura Lewis](#); [PRA](#)  
**Subject:** [EXTERNAL] Re: Please describe how the matter of considering my rate proposal will be called if it is not listed as a item of business on the agenda.  
**Date:** Wednesday, June 4, 2025 5:17:56 PM

---

**CAUTION:** This email originated from outside of SMUD. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Comment for agenda item 2

President Fishman,

I am not required to present my written alternatives to the rate changes proposed by the general manager to the SMUD Board.

The SMUD Board is required to consider my written alternatives to the rate changes proposed by the general manager.

Steve Uhler  
[sau@wwmpd.com](mailto:sau@wwmpd.com)

On 6/4/2025 4:32 PM, Gregg Fishman wrote:

Mr. Uhler,  
Yes, I was referring to the Board when I said "we" can discuss various rate proposals.

Regarding the agenda--as I have already explained to you, your presentation is covered under the existing agenda. The Board can discuss your proposal under that item if we choose to do so.

And finally, Mr. Uhler, as our General Counsel has explained, We have given you ten minutes to make your presentation. You may use those minutes as you see fit, but the clock will not stop for discussion about our meeting process, or any other issues you may choose to bring up.

You have ten minutes.

Gregg Fishman  
President, SMUD Board of Directors,  
Ward 3

On Wed, Jun 4, 2025 at 4:04 PM Steve Uhler <[sau@wwmpd.com](mailto:sau@wwmpd.com)> wrote:

Comment for agenda item 2



Hello President Fishman,

When you said "We will consider our staff proposal and yours", who is the "We"? Is it the Board?

Also you said "Our agenda has a slot for public comment on items on the agenda.". Are you saying, at a special meeting, The Board can discuss a PUC 14403.5(b) written matter from the public unrelated to the agenda item 2 for the rate changes proposed by the general manager?

If so I am looking forward to the Board resolving the issue of me not being listing separately on the agenda, re my agenda request, the issue of the public's access to the videos in the Board's Video Library by blocking access to previously disclosed video records. These are primary matters on my alternatives to the rate changes proposed by the general manager, the rest could be done by a motion to committee.

Steve Uhler  
[sau@wwmpd.com](mailto:sau@wwmpd.com)

On 6/3/2025 3:11 PM, Gregg Fishman wrote:

Mr. Uhler,  
Our agenda has a slot for public comment on items on the agenda. We usually give people 3 minutes. You asked for 10, and we granted that.  
I will call you to the podium at that time and your ten minutes will begin.

Our Board will not take final action on Wednesday. We will consider our staff proposal and yours, and any other alternatives that may be offered. We may, after the presentations and due consideration, decide to place a rate proposal on the agenda for the June 19 regular Board meeting.

If we do that, it would be with the goal of giving final approval to that proposal at the June 19 meeting.

Gregg Fishman  
SMUD Board President  
Ward 3



On Tue, Jun 3, 2025 at 2:40 PM Steve Uhler  
<[sau@wwmpd.com](mailto:sau@wwmpd.com)> wrote:

Hello Laura Lewis,

Please describe how the matter of  
considering my rate proposal will be  
called if it is not listed as a item of business  
on the agenda.

How will the public know my proposal is a  
separate matter for consideration?

Will the public be allowed to address the  
board the matter of  
considering my rate proposal and SMUD  
staff's proposal separately?

My proposal requests the board take action,  
how will debate be closed  
and action taken?

Steve Uhler  
[sau@wwmpd.com](mailto:sau@wwmpd.com)



## **EXHIBIT 9**



**From:** [Steve Uhler](#)  
**To:** [Public Comment](#); [Gregg Fishman](#)  
**Cc:** [PRA](#); [Laura Lewis](#)  
**Subject:** [EXTERNAL] For the record for item 2 of SMUD's June 4, 2025 Rate Hearing I believe SMUD Board President Gregg Fishman tried to use my right to comment in a unlawful manner  
**Date:** Wednesday, June 4, 2025 7:40:18 PM

---

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Comment for item 3 of SMUD's June 4, 2025 special board meeting

For the record for item 2 of SMUD's June 4, 2025 Rate Hearing I believe SMUD Board President Gregg Fishman tried to use my right to comment in a unlawful manner to then allow a matter of business to be considered that was not listed on the agenda for the meeting.

None of my verbal testimony was duplicative of my written alternatives to the rate changes proposed by the general manager.

Steve Uhler  
[sau@wwmpd.com](mailto:sau@wwmpd.com)



## **EXHIBIT 10**



**From:** [Steve Uhler](#)  
**To:** [Public Comment](#)  
**Cc:** [PRA](#); [Gregg Fishman](#)  
**Subject:** [EXTERNAL] Itron Gen5 Riva meters are very smart, comment for June 4, 2025 SMUD Rate hearing  
**Date:** Wednesday, June 4, 2025 8:55:41 PM

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CAUTION: This email originated from outside of SMUD. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Itron Gen5 Riva meters are very smart, comment for June 4, 2025 SMUD Rate hearing.

Hello Board,

Did you know that the new Gen5 Riva meters are so much smarter than the Landis meters.

Landis meter never made it beyond the 4th grade as far as math, and is a poor communicator, a bit loud at times.

Gen5 Riva has a masters in business and engineering, and speaks softly in more languages.

It could replace your billing system department, and your Rates department.

No wonder SMUD staff don't promote the Gen5 Riva.

See attached PDF.

Steve Uhler  
[sau@wwmpd.com](mailto:sau@wwmpd.com)





# Gen<sup>TM</sup>5 Riva Meter

The Gen5 Riva Meter combines robust singlephase electric smart metering functionality with innovative distributed intelligence (DI) edge computing capability on Itron's Gen5 industrial IoT (IIoT) network. This unique feature enables a new approach to AMI, consumer engagement, grid operations, smart city applications and more – from every single meter.

In addition to providing full smart meter functionality, each Gen5 Riva Meter is embedded with robust DI capability that processes and analyzes data in real time at the edge to provide insights to more accurately control and manage the grid. Harness a unified, intelligently connected network platform with DI to unlock new applications in smart energy, water and communities.

Itron's DI platform utilizes an app store model, similar to a smart phone. This ensures rapid, continuous innovation, choice, and new value across a broad ecosystem of apps from multiple vendors. This model offers significant ROI improvements along with the ability to easily add additional smart utility and city use cases as business needs evolve.

## FEATURES AND BENEFITS

### Flexible Two-Way Communications

- » Execute all supported meter reading, configuration update and firmware download functionality
- » Customize targeted meter firmware updates
- » Support on-demand readings from the meter
- » Bi-directional Distributed Intelligence applications

### Upgradable Firmware

- » Customize firmware upgrades with the ability to automatically roll-back if activation fails
- » Create multiple firmware images including primary and pending

### Bi-Directional Metering

- » Store received and delivered data metrics in the meter
- » Support customers who own renewable energy facilities or participate in vehicle to grid systems with real-time data being sent back to the utility



## FEATURES AND BENEFITS CONTINUED

### Energy Quantities

- » Watt hours (Wh): delivered, received, unidirectional, net
- » Volt-ampere hours (VAh): delivered, received, net
- » Volt-ampere reactive (VARh): delivered, received, net, Q1, Q2, Q3, Q4

### Automated Meter Reading

- » Receive and transmit meter billing data including interval data, register reads
- » Transmit recorded events and exceptions with each interval to the head-end software, which interprets them and logs appropriate messages (such as time adjustments)

### Demand Measurement

- » Max Watts Delivered, Received, Net, and Uni-directional
- » Max VA Delivered, Received
- » Max VAR Delivered, Received, Net, Q1, Q2, Q3, Q4
- » Min Power Factor Delivered, Received

### Real-Time Meter Event and Alarm Retrieval

- » Automated alarms received by the head-end system via e-mail to a specific user or group of users
- » Automated data and alarms deliverable from DI applications

### Remote Disconnect/Reconnect

- » Support integrated disconnect switch
- » Perform remote disconnects/reconnects through the system

### Integration & Installation

- » Fully integrated solution under-the-cover allows for plug and play installation in the field
- » Shipped from the factory as one complete unit, ready for field deployment

## Technical Data

Meets applicable standards:

- » ANSI C12.1 – 2008 (American National Standard for Electricity Meters – Code for Electricity Metering)
- » ANSI C12.20 – 2010 (American National Standard for Electricity Meters – 0.2 and 0.5 Accuracy Classes)
- » ANSI/IEEE C62.45 – 2002 (Guide to Surge Testing on Low-Voltage AC Power Circuits)
- » ANSI MH 10.8 – 2005 Specification for Bar Code
- » ANSI ASQZ 1.4 – 2008 Sampling Procedures and Tables for Inspection by Attributes
- » IEC 61000-4-2 2008
- » IEC 61000-4-4 2012
- » IEEE C37.90.1 – 2004 SWC Surge Testing
- » IEEE C62.45 Recommended Practice on Surge Testing for Equipment Connected to Low Voltage (1000V or less) AC Power Circuits C62.45 2002
- » NEMA SG-AMI 1 – 2009 Requirements for AMI Meter Upgradeability
- » UL 2735

### Radio Specifications

- » Radio Output Power: 1W

### Profiles

- » Supports three independent profiles:
  - Load Profile – 16 channels and programmable to support 5, 10, 15, 30 or 60-minute intervals
  - Instrumentation Profile – 16 channels and programmable to support 5, 10, 15, 30 or 60-minute intervals
  - Voltage Profile – 16 channels and programmable to support 5, 10, 15, 30 or 60-minute intervals



### Distributed Intelligence Data

- » Voltage and current waveforms
- » Sub-second RMS voltages and currents
- » Per second directional per phase Wh,

### VARh

- » Per second directional per phase W, VAR
- » Per second per phase VAh, VA
- » Per second temperature

### Time of Use

- » 8 rates plus Total
  - 25-year DST calendar
  - 50 Holidays/Special days

### Arc Detection

- » Meters support the ability to detect micro-arcing at the meter socket

### Power Outage Notification (PON)

- » Standard – 25 second hold up (10 second momentary filter + 15 second transmit window). Meter transmits only its own PONs during 15s window.
- » Extended Last Gasp – 75 second hold up (60 second momentary filter + 15 second receive/transmit window). Meter transmits its own PON and receives/transmits neighboring PONs during 15s window.

### Product Availability

Meter Form	Volt Service	Meter Class	Test Amps	Register Description
1S	120v	200	30	Gen5 RF with or without Disconnect
2S	240v	200	30	Gen5 RF with or without Disconnect
12S	120v	200	30	Gen5 RF with or without Disconnect
25S	120v	200	30	Gen5 RF with or without Disconnect
2S	240v	320	50	Gen5 RF without Disconnect
12S	120v	320	50	Gen5 RF without Disconnect
25S	120v	320	50	Gen5 RF without Disconnect

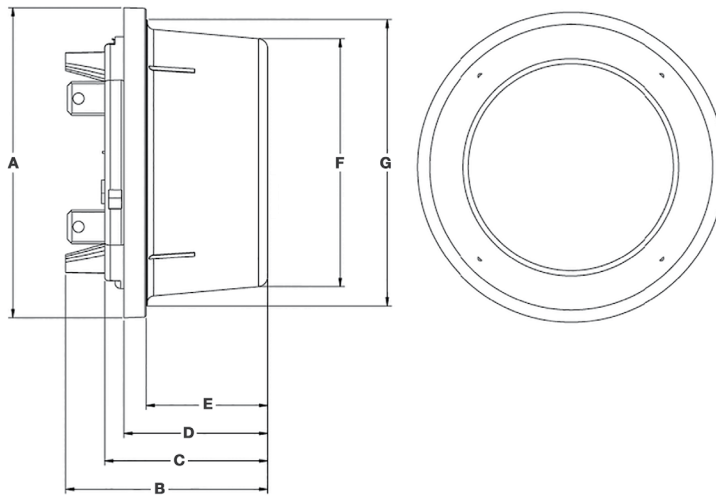
### Specifications

Power Requirements	Voltage Rating: 120V, 240V Operating Voltage: $\pm 20\%$ (60Hz) Frequency: 60Hz ( $\pm 3\text{Hz}$ ) Battery Voltage: 3.6 V nominal
Operating Environment	Temperature: -40° to +85°C Humidity: 0% to 95% relative humidity
Transient/Surge Suppression	IEC 61000-4-4-2004-07 ANSI C62.45-2002
Accuracy	ANSI C12.20 0.5 accuracy class
General	Energy calculation: Bi-directional (Wh, VAh, VARh and VARh Q1-Q4))
Time Reference When Off Network	Network sync: Network time Line sync: Power line frequency Crystal sync
Display	Eight-digit liquid crystal display Six-digit data height: 10.16 mm Annunciator height: 2.24 mm Display duration: 1-15 seconds Two-digit code number height: 6.01 mm Four-segment electronic load emulator
Operating System	Linux
IP Rating	54



## Dimensions

A	B	C	D	E	F	G
6.95"	5.27"	4.34"	3.97"	3.47"	5.68"	6.30"
17.66 cm	13.39 cm	11.02 cm	10.08 cm	8.82 cm	14.43 cm	16 cm



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### CORPORATE HQ

2111 North Molter Road  
Liberty Lake, WA 99019 USA

**Phone:** 1.800.635.5461

**Fax:** 1.509.891.3355



## **EXHIBIT 11**



**From:** [Steve Uhler](#)  
**To:** [Gregg Fishman](#); [Public Comment](#)  
**Cc:** [PRA](#); [Laura Lewis](#)  
**Subject:** [EXTERNAL] Did I miss something President Gregg Fishman, I did not hear you call the question on the action I requested, comment for June 4, 2025 SMUD Rate hearing  
**Date:** Wednesday, June 4, 2025 9:04:10 PM

---

CAUTION: This email originated from outside of SMUD. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Did I miss something President Gregg Fishman, I did not hear you call the question on the action I requested, comment for June 4, 2025 SMUD Rate hearing.

Hello SMUD Board President Gregg Fishman.

Did you call the question on my alternate rate proposal closing debate?

I guess I'll have to wait for the transcript.

Steve Uhler  
[sau@wwmpd.com](mailto:sau@wwmpd.com)



**From:** m leon <2mayaleon@gmail.com>

**Sent:** Wednesday, May 28, 2025 1:42 PM

**To:** Sacramento 311 Connect <sacco311@mailmw.custhelp.com>; Pat Hume <PatHume@saccounty.gov>; Kennedy. Supervisor <SupervisorKennedy@saccounty.gov>; Rich Desmond <richdesmond@saccounty.gov>; supervisorrodriguez@saccounty.gov; Supervisor Serna <SupervisorSerna@saccounty.gov>

**Cc:** Clerk of the Board Public Email <BoardClerk@saccounty.gov>; trees@saccounty.gov; d3pio@dot.ca.gov

**Subject:** [EXTERNAL] Median dividers DOT improvement plan tree organizer

**CAUTION:** This email originated from outside of SMUD. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Good afternoon!

RE:

Air quality management

Tree organisers

DOT improvement plan, asphalt quality and median dividers long lasting design

Carbon free police's for utility and SMUD lines

County budget and funds reconciliation

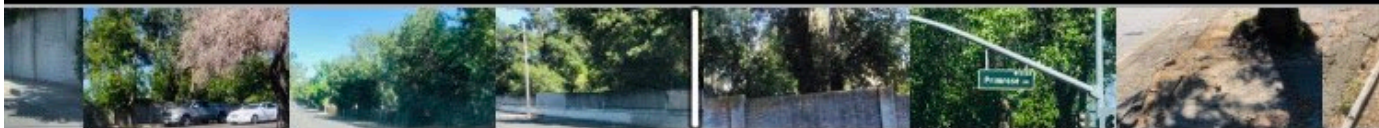
Please see attached files for your consideration.

1.a Please include Madison and Hackberry towards Flagstone and Appian, Sonora, Fivit towards Primrose review and documentary for median dividers quality and open trees roots with no mulch or any stone covering for ground moisture solving in long lasting and tree quality. Edges quality with asphalt damages.

1. Madison ave and Appian towards Sonora needs cleaning for debris and fall litter side road.

2. Median dividers redesign before asphalt manipulation for tree shapes and roots covering. Madison and Hackberry toward Sunrise Blvd documentary and review ( for County and DOT records and projects in progress) including for redevelopment and revitalising. Dead tree removal and trees shape monitoring and adjustments.







3. Paint quality break dividers Madison and Flagstone, Dewey drive, towards Sun Juan. Old fences wood replacement. Implementation of new modern horizontal standards. This items affect the city and district facade general view. Water pressure updates, communication with property managers and apartments which have facade streets property. Buildings and street signs graphite removal, not safety broken sign removal and demolition. Example Hoa Viet horror movie sign faced main intersection Auburn and Madison. Shame. Communication with landlord, property management. 5777 Madison Avenue Building view. Graffiti. Sign damage for lease.





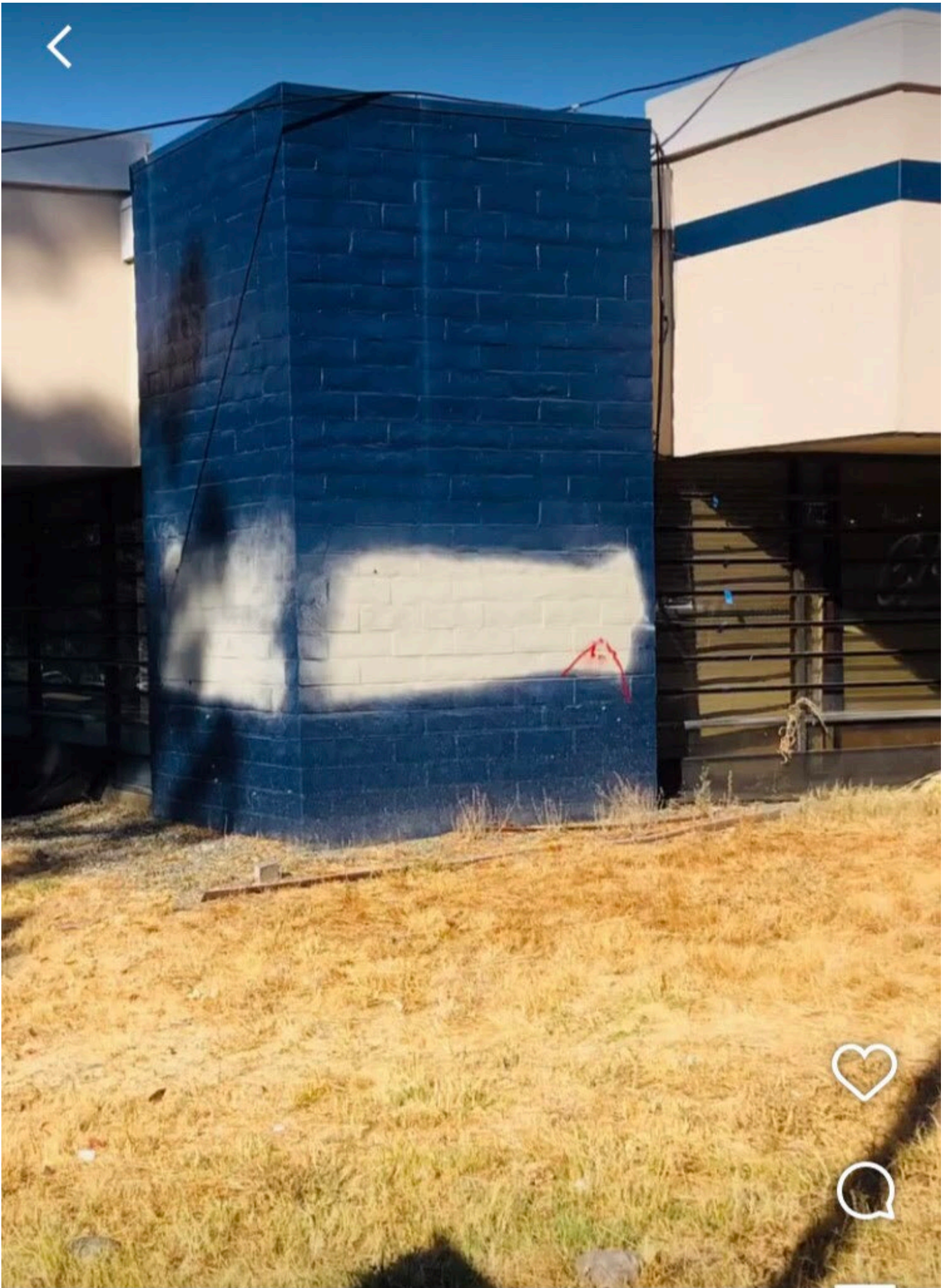






















HDR

Hackberry Ln

Hackberry Ln





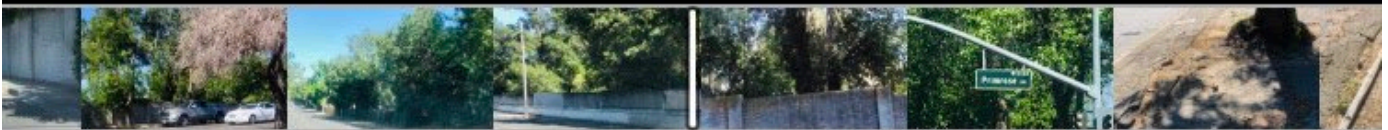
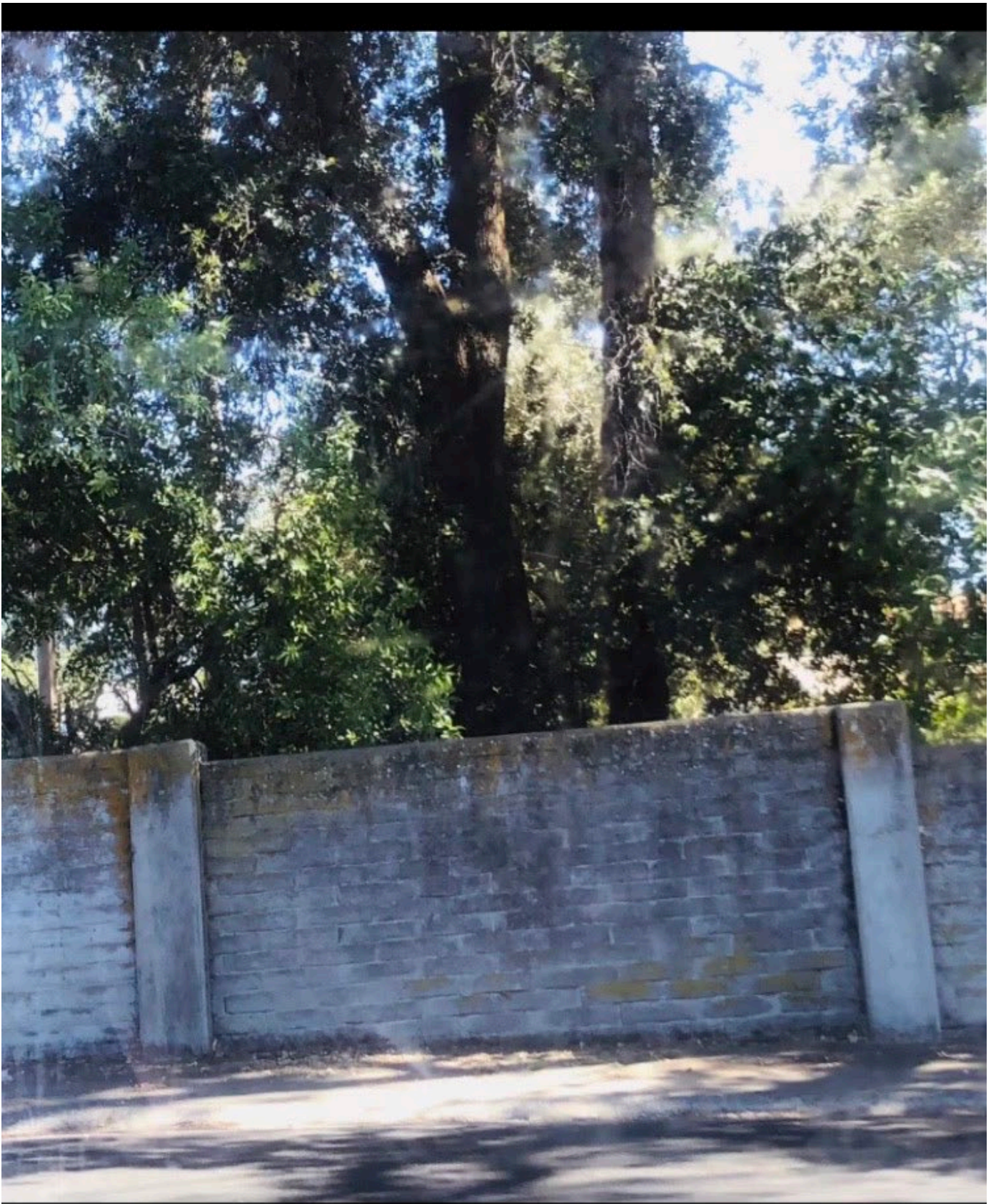
4. Kikis restaurant burger Madison and Dewey . Communication with Landlord for front view illegal dumping of palm branches and debris, Palm quality next too speed limit sign.
5. Carbon free programs implementation and redesign heavy duty intersection for clear vision for non carbon utility lines (underground projects) located next to school Madison and Dewey dr. City prosperity general view and revitalising programs.

Thank you,  
Respectfully submitted  
Olesya B.









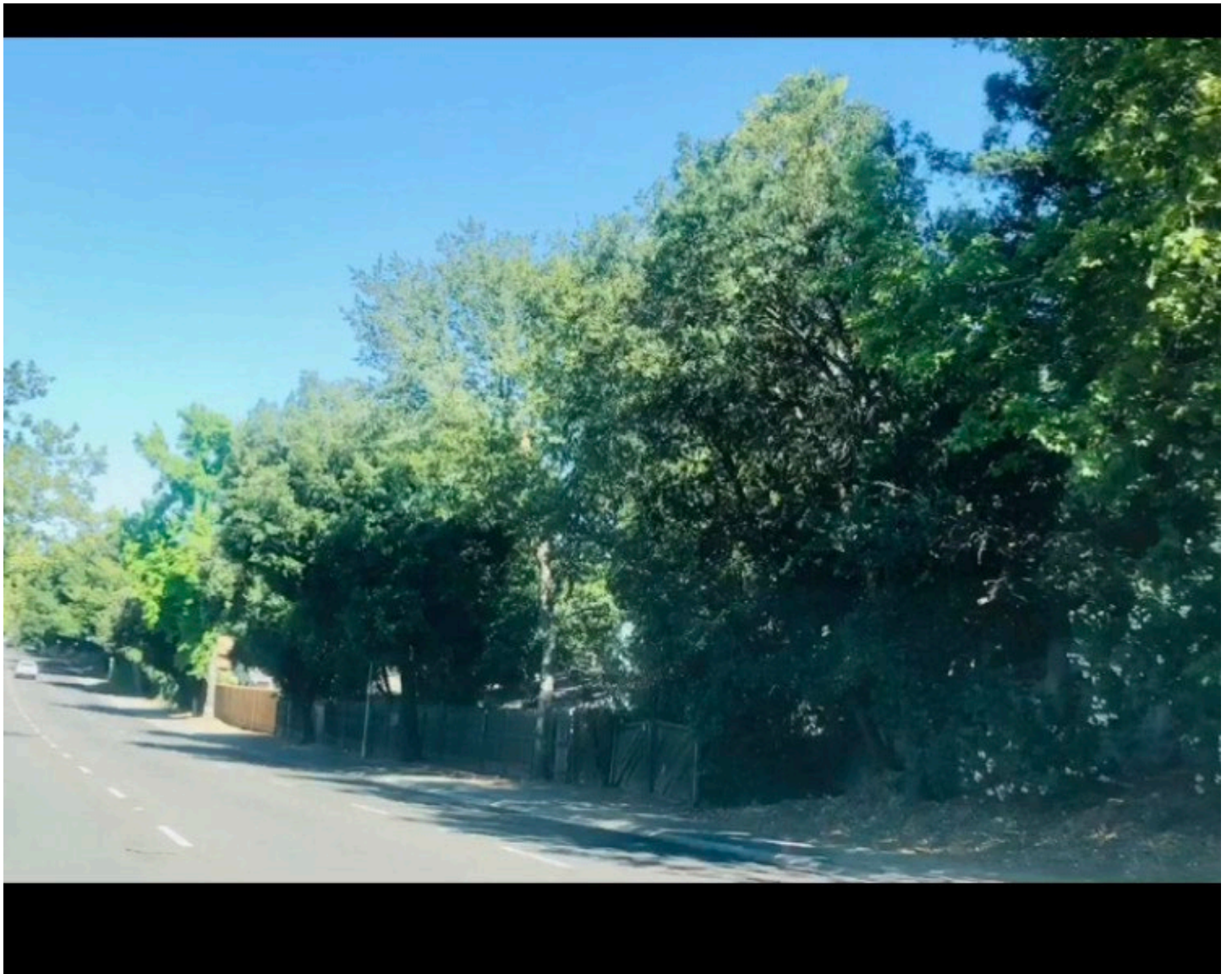




















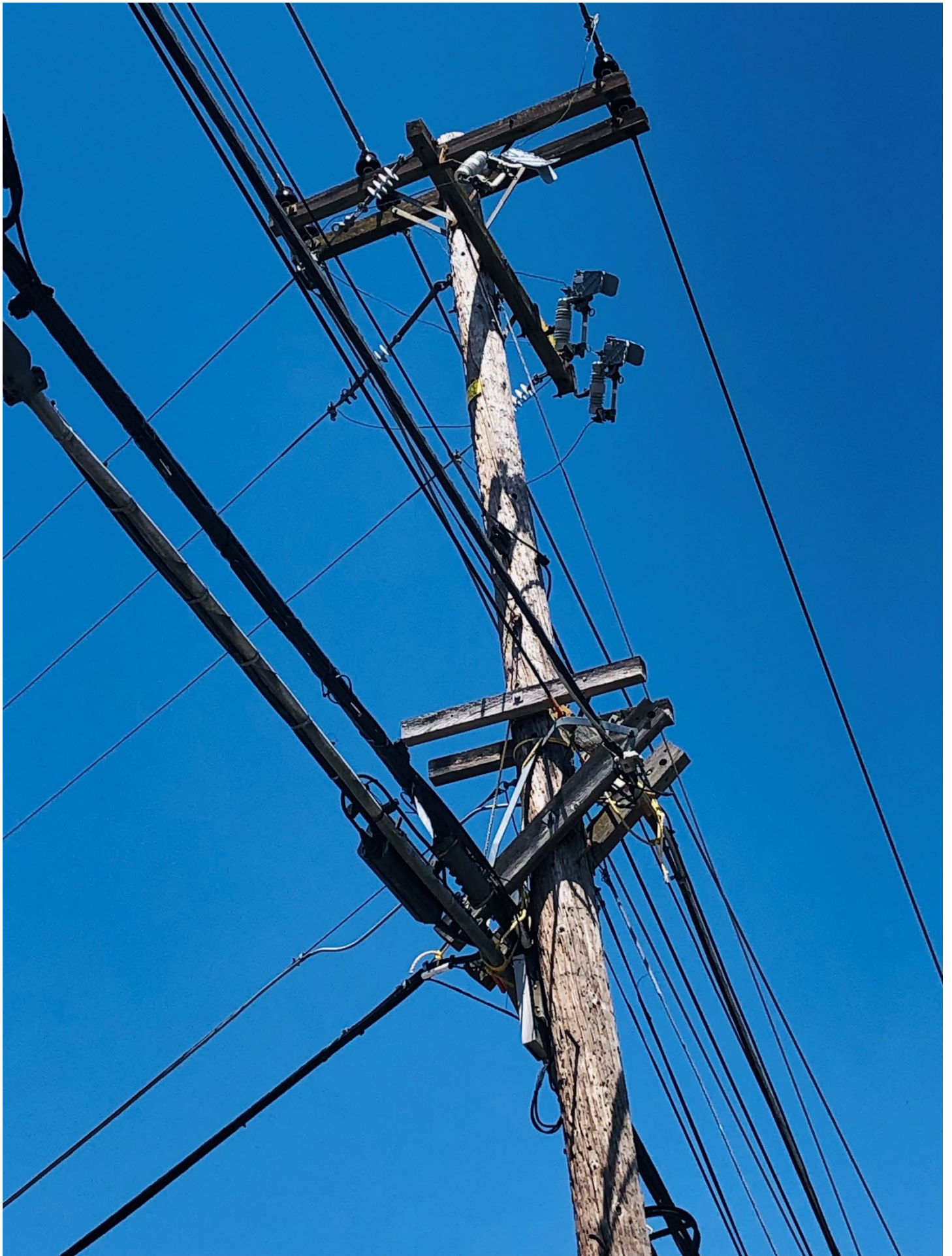


















SSS No. DP&O 25-001
DP&O 25-001

**BOARD AGENDA ITEM**  
**STAFFING SUMMARY SHEET**

Committee Meeting & Date Policy - June 11, 2025
Board Meeting Date June 19, 2025

TO					TO				
1.	Claire Rogers				6.				
2.	Frankie McDermott				7.				
3.	Brandy Bolden				8.				
4.	Farres Everly				9.	Legal			
5.	Suresh Kotha				10.	CEO & General Manager			

Consent Calendar	X	Yes	No	If no, schedule a dry run presentation.	Budgeted	X	Yes	No	If no, explain in Cost/Budgeted section.)
FROM (IPR)				DEPARTMENT	MAIL STOP			EXT.	DATE SENT
Katarina Miletijev				Distribution Planning & Operations	EA502			6235	5/16/25

**NARRATIVE:**

**Requested Action:** Accept the monitoring report for **Strategic Direction SD-4, Reliability**.

**Summary:** The purpose of this report is to provide the Board with an update on SD-4, Reliability for the year 2024. The information in the monitoring report can be used by the Board to determine if any policies or metrics need to be changed or further developed.

**Board Policy:** Strategic Direction SD-4, Reliability. The information in the monitoring report will provide a summary of system reliability, availability, and related activities for 2024.  
*(Number & Title)*

**Benefits:** Allows the Board of Directors and Executive staff a better understanding of the Board Policies and gives them an opportunity to make revisions if necessary.

**Cost/Budgeted:** Contained in internal labor budget.

**Alternatives:** Provide the Board written report and communications through the CEO & General Manager.

**Affected Parties:** Power Generation, Transmission Planning & Operations

**Coordination:** Power Generation, Transmission Planning & Operations

**Presenter:** Katarina Miletijev, Manager Distribution Operations Engineering, Distribution Planning & Operations

**Additional Links:**

SUBJECT	SD-4, Reliability Board Monitoring Report	ITEM NO. (FOR LEGAL USE ONLY)
		7

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.



# SACRAMENTO MUNICIPAL UTILITY DISTRICT

## OFFICE MEMORANDUM

**TO:** Board of Directors

**DATE:** May 27, 2025

**FROM:** Claire Rogers *CR 5/27/25*

**SUBJECT: Audit Report No. 28007865  
Board Monitoring Report; SD-04: Reliability**

Internal Audit Services (IAS) received the SD-04 *Reliability* 2024 Annual Board Monitoring Report and performed the following:

- Selected a sample of statements and assertions in the report for review.
- Compared sample to the corresponding supporting documentation to identify potential discrepancies.

All items sampled within the SD Report aligns with the supporting documentation provided at the time of review.

**CC:**

Paul Lau



# Board Monitoring Report 2024

## SD-4 Reliability



### 1) Background

Strategic Direction SD-4 Reliability states that:

Meeting customer energy requirements is a core value of SMUD.

Therefore:

- a) SMUD will assure all customer energy requirements are met. This will be accomplished through the use of: (i) its generation resources and purchase power portfolio 100 percent of the time; and (ii) its transmission assets to assure an overall availability of at least 99.99 percent.

- b) SMUD will achieve distribution system reliability by:

Limiting the average frequency of outage per customer per year to:

With major event: 0.99 – 1.33

Excluding major event: 0.85 – 1.14

Limiting the average duration of outages per customer per year to:

With major event: 67.5 – 93.3 minutes

Excluding major event: 49.7 – 68.7 minutes

Ensuring that no individual circuits exceed these targets for more than two consecutive years. For circuits that exceed these targets for two consecutive years, a remedial action plan will be issued and completed within eighteen months.

- c) SMUD will maintain the electric system in good repair and make the necessary upgrades to maintain load serving capability and meet regulatory standards.

### 2) Executive summary

Improving reliability is essential to meeting customer energy requirements and drives customer loyalty.

**SMUD was in compliance for both generation and transmission availability.** SMUD met all energy supply requirements 100% of the time through its generation resources and purchased power. At a peak load of 3,169 megawatts (MW) (which occurred on



July 11), 50% of the generation was provided by internal resources and 50% was provided by purchased power. The transmission availability was at 100% for the year.

**SMUD was in compliance for both SAIDI and SAIFI (excluding major events).**

Reliability targets including major events were exceeded for both SAIDI (228.0 minutes) as well as SAIFI (1.43). The 2024 distribution system reliability performance is summarized in Table 1 below.

Table 1: 2024 Distribution System Reliability Performance

	Including Major Events		Excluding Major Events	
	SD-4 Limit	2024 Results	SD-4 Limit	2024 Results
<b>SAIFI</b>	1.33	1.43	1.14	0.75
<b>SAIDI (minutes)</b>	93.3	228.0	68.7	44.4

Major events are defined as events caused by earthquake, fire, or storms of sufficient intensity which result in a state of emergency being declared by the government. Absent the declaration of a state of emergency, any other natural disaster may be excluded only if it affects more than 15% of the system facilities or 10% of the customers, whichever is less.

Out of the total distribution circuits, 98.7 %, or 773 circuits, met the Board’s reliability standards. Twenty-five projects aimed at improving reliability—encompassing cable replacement, avian mitigation, equipment repairs, tree-trimming and other tasks—were initiated, with thirteen already finished and twelve projects are in progress.

### 3) Additional supporting information

#### Generation

##### Hydro Generation Facilities

The availability rate for SMUD’s hydro generation system in 2024 was 95.9% and for the June 1st through September 30th peak period, hydro generation availability was 99.9%. SMUD’s Upper American River Project (UARP) hydro system generated 1,309 GWh. The budgeted generation was 1,581 GWh.

##### Gas Pipeline Operations

SMUD’s gas pipeline had a 100% availability rating in 2024 and provided a constant flow of gas to SMUD’s thermal generation facilities. All necessary maintenance activities were successfully completed in accordance with our operations and maintenance plans and procedures.



## Thermal Generation Facilities

The overall availability rate for SMUD's thermal generation facilities in 2024 was 85.1% and for the June 1<sup>st</sup> through September 30<sup>th</sup> peak period, thermal plant availability was 97.7%. SMUD's thermal generation facilities generated a net total of 5,409 GWh against the budgeted generation of 6,322 GWh.

## **Transmission and Distribution**

SMUD has approximately 488 miles of transmission lines and 10,988 miles of distribution lines including 69 kilovolt (kV). Approximately 36% of the distribution lines are installed overhead and 64% are installed underground. The transmission system is predominately overhead except for 19 miles of underground lines located in the Carmichael and downtown areas.

Staff monitors circuit reliability regularly to assess circuits that could potentially exceed the reliability limits. Outage causes, trends, and reliability impacts are analyzed to identify corrective actions that will bring the reliability of these circuits within the acceptable range.

### **4) Challenges**

The Sacramento region was once again devastated by catastrophic atmospheric river storms in February of 2024. The most impactful of these storms caused significant damage to the grid, affecting approximately 453,000 customers, a SAIDI contribution of 183.6 minutes, and a SAIFI contribution of 0.69 on February 4<sup>th</sup> and February 5<sup>th</sup> combined. During these two days, the grid experienced 65 mile per hour (mph) wind gusts, with 48 mph sustained winds, coupled with almost two inches of rain. With the ground saturated by heavy rains combined with high winds, numerous trees fell onto SMUD's overhead lines. These types of tree related outages take longer to resolve since the trees must be removed from the tangled powerlines prior to the start of rebuilding the lines.

## **Drivers for Reliability Performance**

The main drivers for the distribution system performance excluding major events, along with the mitigation measures for each, are summarized below.

### Equipment Failures

Equipment failures are associated with a wide variety of distribution line components, such as fuses, poles, wire hardware, broken connectors, broken jumpers, failed transformers, broken cutouts and more. Outages due to failed equipment continue to be evaluated to locate and address any systemic deficiencies.



Failed equipment was the leading cause of outages in 2024. When compared to 2023, outages due to equipment failures decreased by 5%, SAIDI minutes decreased by 4% and SAIFI increased by 43%. This increase in SAIFI was caused primarily by the number of customers experiencing equipment-related outages at the 69 kV level. In 2023 18,254 customers were affected by seven 69 kV equipment related outages while in 2024 59,743 customers were affected by eight 69 kV equipment related outages.

Multiple inspection and maintenance programs are in place to identify and correct deficiencies before they result in failure. We have annual line patrols to detect obvious deficiencies. In addition, we perform detailed line inspections (DLI) every five years. During a DLI, the inspector examines every attachment on the pole and documents deficiencies found. The deficiencies are prioritized and repaired based upon pre-determined schedules.

### Underground Cable Failures

In 2024, underground cable failures were the second highest contributor to the number of outage events. The number of outages caused by cable failures rose by 8 % compared to 2023. Additionally, SAIDI and SAIFI values increased by 10% and 20%, respectively.

In 2024, SMUD injected a 69kV line at a fraction of replacement cost, which is expected to postpone the need for replacement of this line for many years and would have a significant improvement to SAIDI/SAIFI.

### Vehicle Accidents

Another leading driver impacting reliability in 2024 was vehicle accidents. Although the number of outages due to vehicle accidents increased by 18% compared to 2023, SAIDI and SAIFI values decreased by 24% and 45% respectively. The decrease in SAIDI and SAIFI while outage incidents increased was caused primarily by the reduction in 69 kV vehicle accidents in 2024 when compared to 2023, impacting 58,050 fewer customers than the prior year.

Visibility strips were installed on numerous poles as part of the Vehicle vs Asset program in 2024. Staff continues to monitor and analyze vehicle related outages for remediation as part of the Vehicle vs Asset program.

## **5) Recommendation**

It is recommended that the Board accept the Monitoring Report for SD-4 Reliability.

## **6) Appendices**



## **Appendix 1: Generation Supplementary Information**

### Hydro Generation Facilities

Major hydro generation maintenance and construction activities include:

- Union Valley T2 Transformer Replacement
- Union Valley 69kV Switchyard Upgrade
- Camino T1 Temporary Transformer Replacement
- Robb's Peak Penstock Cable Replacement
- Loon Lake 69kV Cable Assessment
- South Fork Controls Upgrade
- Brush Creek 480V Switchgear Upgrade
- Hydromet System Upgrade
- Robb's Peak Crane Controls Upgrade
- Robb's Peak Switchgear and Unit Breaker Upgrade

### Gas Pipeline Operations (GPO)

Capital improvements and major maintenance activities include:

- Implemented Quantitative Risk Analysis model for Pipeline Integrity Management
- Performed scheduled 6-year In-line Inspection of all three pipeline segments
- 800C zinc ribbon rehabilitation and potential gradient mats
- Cambells station piping condition assessment
- Carson Blowdown relocation project
- Four ILI anomaly verification digs along UPRR r/w on 800C
- Franklin pipe anomaly cut-out on 800C
- Wireless gateway upgrades at several stations
- AC Mitigation at CPP and MLV-8

### Thermal Generation Facilities

Major thermal generation maintenance and construction activities completed include:

#### Procter & Gamble Power Plant

- Combustion Turbine 1A - Engine Major Overhaul
- Circ Water Pump 1A Overhaul
- GSU Online Monitoring
- Steam Turbine Major Inspection
- CEMS System Upgrade PLCs
- Condensate Pump Replacement
- Peaker Control System Battery replacement
- Gas Compressor Isolation Valves



- Peaker Exciter Upgrade
- Thermal End of life Engineering Study

#### Campbell Power Plant

- 5-year NFPA emergency fire tank inspection
- 450 feet of blowdown piping and 8 valves replaced
- Anion resin cleaned (demineralization system)
- Thermal End of life Engineering Study

#### Consumnes Power Plant

- CPP ST Generator Minor Inspection
- CPP HRSG Penetration Seal Upgrades
- CPP HRSG Sump Pumps
- HRSG Hot Reheat Isolation Valve Overhauls
- CPP GSU Monitoring
- SFA DCS Controls
- SFA CT Rotor LTEs (CT3, CT2 with spare)

#### Carson Power Plant

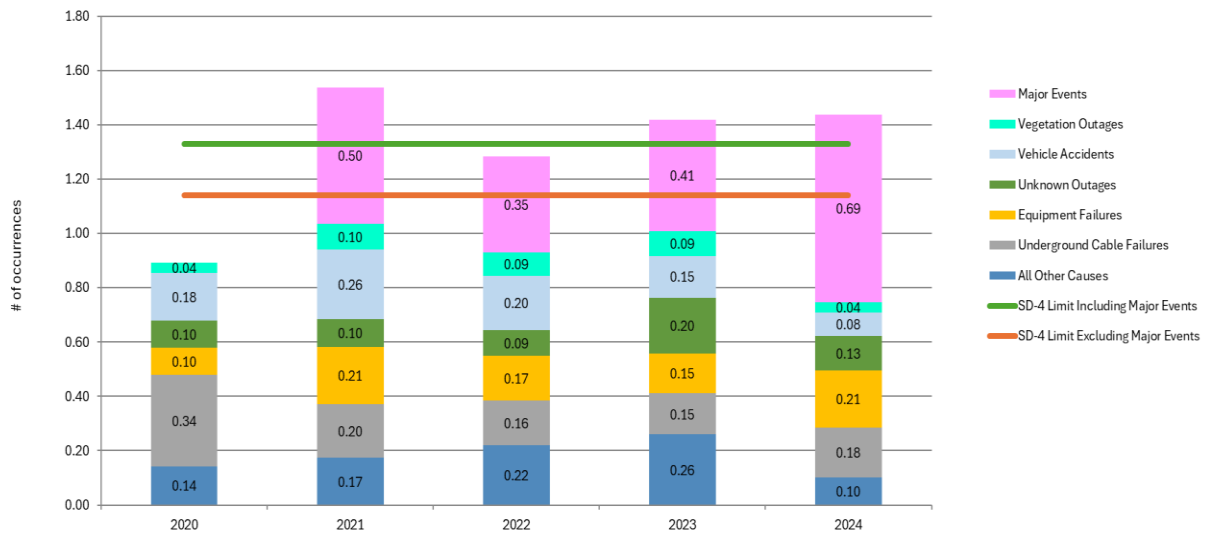
- Circ Water Pump Overhaul Pump B
- Cooling Tower Fill Replacement
- GSU Online Monitoring
- Feed Water Pump Overhaul - Pump A
- CTG1 HMI Replacement
- CTG1 And CTG2 O2 Analyzer Upgrade
- Chiller X631 Condenser Retube (1100 ton)
- Chiller X630 Condenser Retube (1300 ton)
- Steam Turbine Failure Repair
- Steam Turbine Generator Protection Upgrade
- Thermal End of life Engineering Study



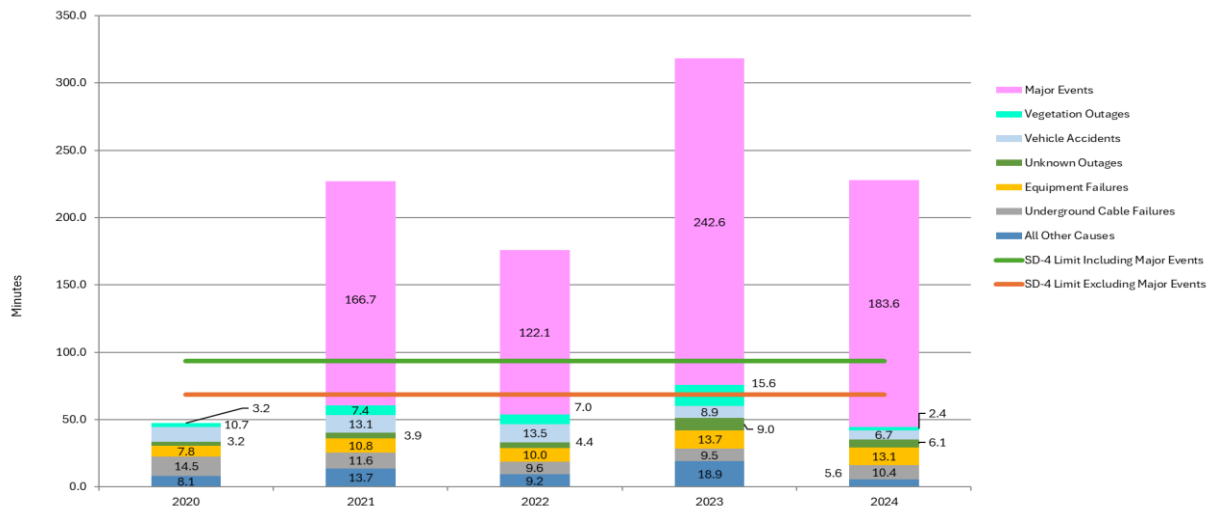
## Appendix 2: Graphs

The graphs below provide a five-year comparison of the impacts of outage causes to the average frequency (SAIFI) and duration (SAIDI) of outages.

Graph 1: Multi-Year Comparison  
System Average Frequency Index (SAIFI)



Graph 2: Multi-Year Comparison  
System Average Duration Index (SAIDI)





RESOLUTION NO. \_\_\_\_\_

**BE IT RESOLVED BY THE BOARD OF DIRECTORS  
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

This Board accepts the monitoring report for **Strategic Direction SD-4, Reliability**, substantially in the form set forth in **Attachment \_\_** hereto and made a part hereof.







# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting &amp; Date

Policy – 06/11/25

Board Meeting Date

June 19, 2025

TO					TO				
1.	Frankie McDermott				6.	Farres Everly			
2.	Jose Bodipo-Memba				7.	Suresh Kotha			
3.	Lora Anguay				8.				
4.	Scott Martin				9.	<b>Legal</b>			
5.	Brandy Bolden				10.	<b>CEO &amp; General Manager</b>			
<b>Consent Calendar</b>	<input checked="" type="checkbox"/>	<b>Yes</b>	<input type="checkbox"/>	<b>No</b> <i>If no, schedule a dry run presentation.</i>	<b>Budgeted</b>	<input checked="" type="checkbox"/>	<b>Yes</b>	<input type="checkbox"/>	<b>No</b> <i>(If no, explain in Cost/Budgeted section.)</i>
FROM (IPR) Katarina Miletijev					DEPARTMENT Distribution Planning & Operations			MAIL STOP EA502	EXT. 6235
								DATE SENT 05/16/25	

**NARRATIVE:**

**Requested Action:** Adopt the 2025 Update to SMUD's 2023-2025 Wildfire Mitigation Plan.

**Summary:** Public Utilities Code section 8387 requires that every publicly owned electric utility annually prepare a wildfire mitigation plan (WMP), present it to the utility's governing body in a noticed public meeting, and accept comments. Section 8387 also requires that the utility contract with a qualified independent evaluator experienced in assessing the safe operation of electrical infrastructure to review and assess the comprehensiveness of the utility's WMP and the evaluator shall issue a report. On or before July 1 of each year the utility will submit the approved WMP to the California Wildfire Safety Advisory Board (WSAB) for review, comment, and advisory opinion. At least once every three years, the utility shall perform a comprehensive revision of the plan.

By Resolution 19-10-09, the Board adopted SMUD's initial Wildfire Mitigation Plan and authorized the Chief Executive Officer and General Manager to make future changes to the WMP that further the primary purpose of the WMP and provide a net benefit to SMUD. By Resolution each year following, the Board adopted SMUD's annual WMP update. In 2023 SMUD conducted a comprehensive review and revision of its WMP, which was adopted by Board Resolution 23-06-05 after an extensive public outreach effort. The 2023-2025 WMP was reviewed by a qualified independent evaluator, and their report was presented to the Board. The 2023-2025 WMP was duly submitted to the WSAB prior to July 1, 2023. The 2024 update to the 2023-2025 WMP was duly prepared, presented to and adopted by the Board, and submitted to the WSAB.

In accordance with Section 8387, SMUD staff has completed its 2025 annual review and update of SMUD's WMP. The 2025 update to SMUD's 2023-2025 WMP provides an update on SMUD's wildfire prevention and mitigation programs and efforts. The draft 2025 WMP update was offered for public comment for 30 days, following normal process. The 2025 update does not contain significant changes and an update to the independent evaluation was deemed not necessary.

**Board Policy:** Strategic Direction SD-4, Reliability; Strategic Direction SD-6, Safety Leadership; Strategic Direction (Number & Title) SD-15, Outreach and Communication; Strategic Direction SD-17, Enterprise Risk Management

**Benefits:** The WMP Update is in alignment with Strategic Direction SD-4, Reliability, that SMUD will maintain the electric system in good repair, and SD-6, that SMUD will implement measures to protect the public from injuries related to SMUD operations or facilities. Additionally, this item is consistent with Strategic Direction SD-15, Outreach and Communication, that SMUD will ensure all groups are aware of SMUD's major decisions and programs. This item is consistent with SD-17, Enterprise Risk Management, in maintaining an integrated enterprise risk management process.

**Cost/Budgeted:** The programs outlined in the WMP are budgeted in separate processes by the sponsoring departments.

**Alternatives:** California law requires the WMP to be presented to the Board in a noticed public meeting.

**Affected Parties:** Transmission Planning & Operations, Distribution Planning & Operations, Line Assets, Power Generation, Customer Experience Delivery, Marketing and Corporate Communications, Customer Operations & Community Energy Services, Environmental and Real Estate Services, Facility and Security Operations,



Information Technology, Procurement, Warehouse and Fleet, People Services & Strategies, Treasury and Risk Management, Legal and Government Affairs, Board Office

**Coordination:** Transmission Planning & Operations, Distribution Planning & Operations, Line Assets, Power Generation, Customer Experience Delivery, Marketing and Corporate Communications, Customer Operations & Community Energy Services, Environmental and Real Estate Services, Facility and Security Operations, Information Technology, Procurement, Warehouse and Fleet, People Services & Strategies, Treasury, Government Affairs and Risk Management, Legal and Government Affairs, Board Office

**Presenter:** Katarina Miletijev, Manager, Distribution Operations Engineering

**Additional Links:**

SUBJECT

**2025 Update to SMUD's 2023-2025 Wildfire Mitigation Plan**

ITEM NO. (FOR LEGAL USE ONLY)

**8**

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.



2025 Update

2023 – 2025

# Wildfire Mitigation Plan

Powering forward.  
Together.





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## 1. 2025 Update Executive Summary

SMUD adopted a three-year Wildfire Mitigation Plan (WMP) in 2023. This 2023-2025 WMP was a comprehensive update of SMUD's WMP and included a risk assessment, analysis on the impact of climate change, descriptions of prevention and mitigation initiatives, discussion of project updates and outcomes, and metrics to evaluate the WMP performance. This 2025 update to the 2023-2025 WMP outlines progress made on several multi-year projects and provides other minor updates to reported initiatives.

The recent catastrophic wildfires in Southern California have underscored the importance of wildfire mitigation planning. While the cause of the fires hasn't yet been determined, SMUD has reviewed its WMP and assessed its wildfire prevention strategies with these recent events in mind. SMUD's geography, weather patterns and fuel types form a different and reduced risk profile from Southern California. SMUD continues to assess potential wildfire risk factors, and to maintain policies and implement strategies addressing those risks.

**Projects.** SMUD has completed two projects, which include the UARP 4kV UG conversion project in 2022 and replacement of #6 copper conductors in the PCA in 2023. The Aerial LIDAR, ortho and oblique imagery work is continuing to provide benefit. The installation of non-expulsion devices in PCA and the UARP fuels reduction project are both expected to be completed in 2025. Additionally, the installation of SCADA reclosers in the PCA is projected for completion in 2027.



SMUD is pro-actively continuing to research new technologies and plans to start an additional pilot project in 2025, which involves installing pole-mounted sensors on SMUDs poles and towers to enhance grid reliability and support wildfire mitigation. The sensors provide near real-time monitoring by detecting faults, voltage fluctuations, and hazardous conditions, with a three-year pilot monitoring period. The project will start in 2025 with target completion in 2028.

SMUD also continues to improve its awareness of fire risk factors. In 2024 Cal Fire and the California Office of Emergency Services stood up the Wildfire Forecast & Threat Intelligence Integration Center (WFTIIC)<sup>1</sup> to serve as California's integrated central organizing hub for wildfire forecasting, weather information, threat intelligence gathering, analysis and dissemination. WFTIIC also coordinates wildfire threat intelligence and data sharing among federal, state, local agencies, tribal governments, utilities, other service providers, academic institutions and nongovernmental organizations. SMUD acts as the publicly owned utility representative on the WFTIIC.

The various programs and projects described in the 2023-2025 WMP, as updated in 2024 and further for 2025, continue to provide a comprehensive and innovative approach to minimizing SMUD's wildfire risk.

**Metrics.** SMUD has established metrics, identified in Section 9 of the WMP, to measure the performance of its WMP. Initial data indicates SMUD's WMP is performing as intended. SMUD is on track to complete collecting a full five years of data on these metrics during calendar year 2025. SMUD will assess the data, identify any trends, and utilize the data to develop benchmarks and updates as part of its next comprehensive WMP revision in 2026.

**Risk management.** SMUD continuously assesses risk to the organization through an Enterprise Risk Management framework. Governance for Wildfire Mitigation Planning is provided through three oversight committees. First, Senior Leaders with management responsibilities for wildfire mitigation met as needed in the Wildfire Steering Committee. Second, the Risk Champion Network, made up of a cross-section of Directors meet quarterly to reassess all of the enterprise risks for emerging issues. Third, executive leadership meets quarterly in the Enterprise Risk Oversight Committee. Enterprise Risk Management has evaluated SMUD's risk environment and determined that several mitigations have been completed to mitigate and reduce the inherently high risk posed by potential wildfires.

In addition to SMUD's robust inspection and maintenance programs, the bulk of SMUD's efforts continue to be reducing fuel around our facilities to reduce ignition risk both of tree and ladder fuel inside and outside SMUD's easements and in some places 200' outside the easement to further improve forest health. The late winter season allowed vegetation contractors to continue working in our highest fire risk Upper American River Project (UARP) area late into the fall of 2024, enabling us to complete all planned work in 2024.

Northern CA has continued to benefit from atmospheric rivers and snowpacks that have delivered above average rain and water totals in 2024. The late wet winter/spring resulted in a shortened and mild wildfire season for Northern CA in 2024. The outlook for wildland fire potential in Northern California looks similar for 2025<sup>2</sup>.

SMUD is currently assessing the impacts of climate change through a vulnerability climate adaption study and will incorporate the results into planning of its 2026 Wildfire Mitigation Plan revision.

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<sup>1</sup> <https://hub.wftiic.ca.gov/>

<sup>2</sup> [https://www.nifc.gov/nicc-files/predictive/outlooks/monthly\\_seasonal\\_outlook.pdf](https://www.nifc.gov/nicc-files/predictive/outlooks/monthly_seasonal_outlook.pdf). Accessed March 5th, 2025. (The link will open the most current month. To view historical data, use this link to access the archived monthly reports: <https://www.nifc.gov/nicc/predictive-services/outlooks>)



## 1.1 Document Introduction

The numbered sections in this 2025 WMP update are intended to replace the respective numbered sections within the 2023 – 2025 WMP published in July 2023, as updated by the 2024 Update published in July 2024. The table below highlights the changes in the 2025 update to the 2023-2025 Wildfire Mitigation Plan.

**Table of Changes 2025 Update to 2023-2025 WMP**

Section	Change
1	A new Executive Summary is provided, including an analysis of the recent Southern California fires and a summary of the status of SMUD's wildfire projects and metrics.
2.5.1, Table 3	Added new Pole-Mounted Sensor installation project under the responsibility of the Director, Specialized Enterprise Initiatives
4.6	Language updated to reflect current status of enhancement and mitigation projects.
5.2, Figure 4	Updated percent or line circuit miles in the HFTD in description following the map.
5.4	Updated status of CAL FIRE FRAP FHSZ maps covering SMUD Service Area.
6	Included description of SMUD procedures that exceed minimum standards set forth in the CPUC's General Orders 95 and 165.
6.2	Updated list of situational awareness tools to include Watch Duty. Also clarified that SMUD has not initiated preventative de-energizations in response to wildfire conditions.
6.6	Updated status for enhancement and mitigation projects.
6.7	Added new pilot project for installation of pole mounted sensors that will provide near real-time power line monitoring.
7	Updated counts of MED Rate and EAPR customers.
Appendix	Provided updated webpage Links for footnote references.

SMUD will be formatting this document for PDF accessibility to ensure that individuals with disabilities can effectively access and engage with the content. This will be accomplished by following a variety of guidelines and techniques designed to create PDF documents that are compatible with assistive technologies, such as screen readers, and that cater to users with visual, auditory, motor, or cognitive disabilities.

## 2. Introduction

### 2.5 Accountability of the plan

SMUD's Chief Operating Officer has overall responsibility for the WMP. The Chief Operating Officer and Chief Customer Officer are responsible for executing the various components of the WMP.

#### 2.5.1 SMUD operating unit responsibility specific to each component of the plan

Table 3 lists the Director with responsibility for the departments or workgroups that are accountable for the various components of SMUD's WMP. In each case the Director or the Director's designees will be responsible for the accuracy of, and for operations in accordance with, the specified component of the plan.



**Table 3 Accountability for the WMP components.**

Mitigation Activities	Responsible Department and Workgroup
Risk analysis	Manager, Enterprise Strategy and Risk
Fire threat assessment in service area and UARP	Director, Distribution Planning & Operations
<b>Wildfire prevention strategy and programs</b>	
<ul style="list-style-type: none"> <li>- Disable automatic reclosing</li> <li>- Planned de-energizations</li> </ul>	Director, Transmission Planning & Operations, Director, Distribution Planning & Operations
<ul style="list-style-type: none"> <li>- T&amp;D line patrols</li> <li>- Aerial patrols</li> <li>- 69kV &amp; Transmission line IR inspections</li> <li>- Wood pole intrusive inspection</li> <li>- Splice assessment</li> <li>- Detailed line inspections</li> </ul>	Director, Line Assets
<ul style="list-style-type: none"> <li>- Substation visual inspections</li> </ul>	Director, Substation, Telecom & Metering Assets
<ul style="list-style-type: none"> <li>- Vegetation management</li> <li>- Pole clearing program</li> </ul>	Director, Line Assets
<b>Fire mitigation construction</b>	
<ul style="list-style-type: none"> <li>- Natural Ester-based fluid</li> <li>- Cal FIRE exempt equipment in PCA</li> </ul>	Director, Distribution Planning & Operations
<ul style="list-style-type: none"> <li>- Weather stations</li> </ul>	Director, Transmission Planning & Operations
<b>Enhancement projects</b>	
<ul style="list-style-type: none"> <li>- Install SCADA reclosers in PCA</li> </ul>	Director, Distribution Planning & Operations Director, Line Assets
<b>Pilot projects</b>	
<ul style="list-style-type: none"> <li>- Light Detection and Ranging and Ortho Imagery</li> </ul>	Director, Line Assets
<ul style="list-style-type: none"> <li>- Pole Mounted Sensor Installation</li> </ul>	Director, Specialized Enterprise Initiatives
<b>Emergency preparedness</b>	
<ul style="list-style-type: none"> <li>- SMUD Emergency Operations Centers</li> </ul>	Director, Facilities, Security & IPPS
<ul style="list-style-type: none"> <li>- Public and agency communications for wildfires</li> </ul>	Director, Customer Operations & Community Energy Services, Director, Customer Experience Delivery, Director, Corporate Communications, Director, Commercial Development & Solutions



## 4. Risk analysis and risk drivers

### 4.6 Risk reduction efforts under the WMP

Since the adoption of its initial WMP, SMUD has initiated multiple projects to directly reduce the risk of ignitions from SMUD owned powerlines in the UARP and PCA. Two of those projects have been completed. The conclusion of these projects resulted in direct ignition risk reduction in Tier 2 and Tier 3 of HFTD areas. SMUD is making progress on the remaining projects and a new multi-year pilot program.

## 5. SMUD assets fire threat overview

### 5.2 Fire threat assessment in SMUD service area

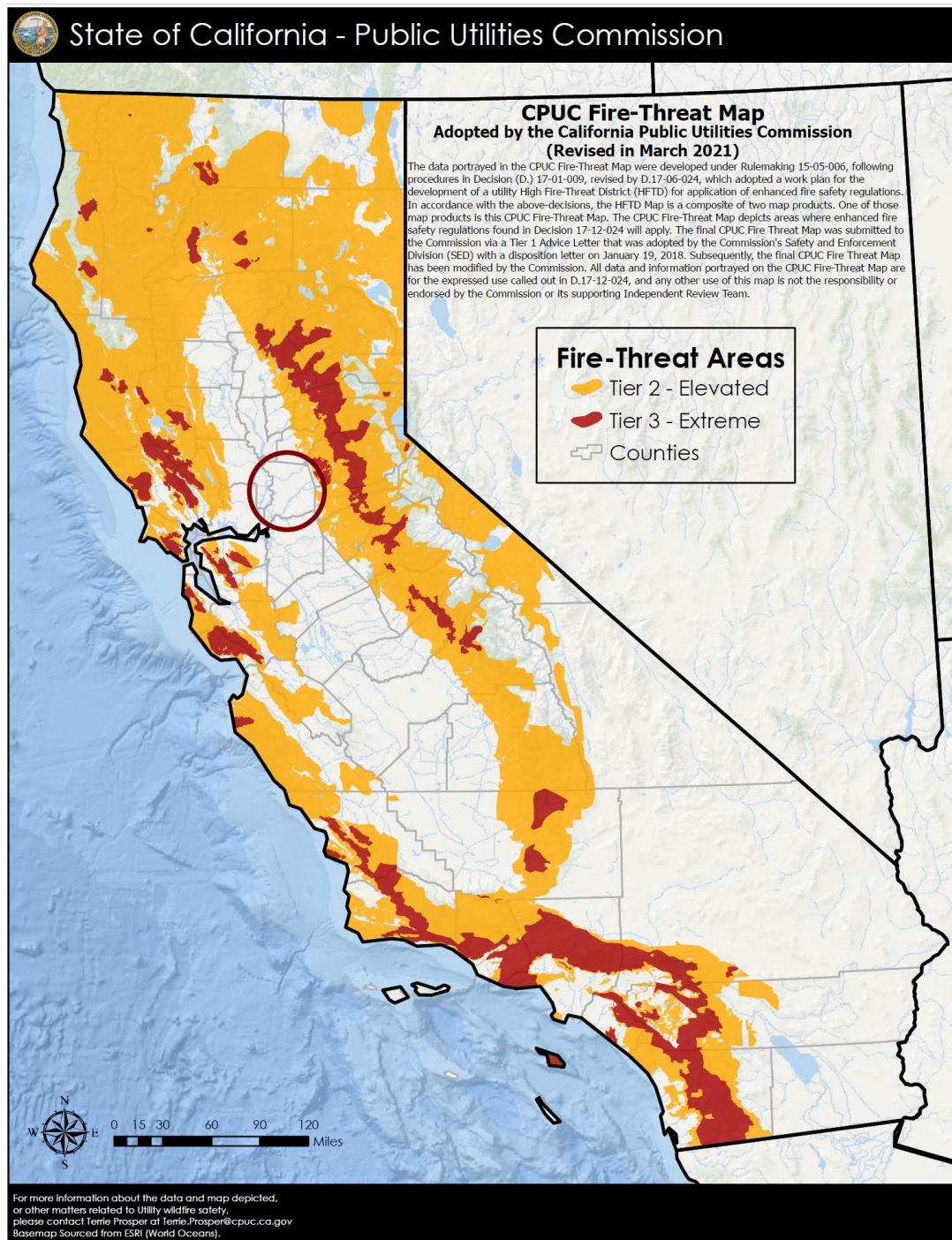
SMUD has never experienced a catastrophic wildfire involving its facilities. SMUD's service area in Sacramento County has a much lower wildfire risk profile than other areas in the State that have suffered destructive wildfires in recent years. When ignition events occur, they have historically been limited in scope. This is largely due to SMUD's more urban environment, flatter accessible terrain, low grasslands and other fuel sources outside forested areas and fewer wind events.

The CPUC Fire-Threat map identifies Tier 3, extreme fire risk, Tier 2, elevated fire risk, and areas outside of the HFTD. Figure 4 depicts the CPUC Fire-Threat Map and SMUD's service area location within the map.





Figure 4 SMUD's service area within CPUC Fire-Threat Map



SMUD's assets are located both within CPUC HFTD areas (including Tier 2 and 3) and areas not deemed within the HFTD (referred to as CPUC non-tier or outside HFTD in this document). Approximately 31% of SMUD's overhead transmission and generation circuit-miles of wires are located within the CPUC HFTD, with approximately 12% located within Tier 3 ("Extreme Fire Threat"). None of SMUD's distribution substations are located within the HFTD.



## 5.4 CAL FIRE – Fire Resource and Assessment Program (FRAP)

CAL FIRE publishes multiple maps related to fire threat throughout the state. SMUD refers to the Fire Hazard Severity Zone (FHSZ)<sup>3</sup> map to inform and plan maintenance activities. CAL FIRE published a new State Responsibility (SRA) FHSZ map in March 2025. The new map depicts slight changes in fire hazard severity in the PCA. SMUD staff has completed importing and analyzing the map data as we continue to review and update our wildfire prevention and mitigation strategies. However, CAL FIRE has not published a new map depicting FHSZ for Local Responsibility Areas (LRA)<sup>4</sup> and Federal Responsibility Areas (FRA). The LRA and FRA depict fire hazard within Sacramento County areas, and portions of the UARP where SMUD has transmission lines respectively. SMUD staff will continue monitoring CAL FIRE's website for updates to these two maps.

Although SMUD takes CAL FIRE's FHSZ mapping into consideration as part of its wildfire mitigation planning, SMUD's Wildfire Mitigation Plan references the CPUC Fire Threat Map that focuses on the risk of utility associated wildfires.<sup>5</sup>

## 6. Wildfire prevention strategy and program

SMUD has a robust set of measures to address potential wildfire risks. The WMP incorporates existing efforts and identifies the process moving forward to supplement these efforts where a need is identified.

SMUD regularly coordinates with local fire agencies and other first response agencies. It also participates with emergency operations activities in its system areas.

SMUD has robust Vegetation Management (VM) programs with accelerated and targeted VM work (pruning & removal) risk and conditions approaches, including not to exceed 24-month inspection cycles in SMUD's service territory. Our VM programs are using enhanced technologies including LiDAR and Ortho Imagery (these technologies can help identify diseased trees and trees that are a risk to SMUD facilities).

SMUD also has robust inspection and maintenance programs that include traditional aerial patrols with helicopters, IR inspections using helicopters (which can detect heat from power equipment before an event occurs), inspections using unmanned aircraft systems (drones) to capture high-resolution photos, and regular ground inspections of all facilities (including core testing of the wood poles) with SMUD employees.

SMUD has implemented design standards and maintenance programs for its facilities that meet or exceed the relevant federal, state, or industry standard, including the minimum standards set forth in the CPUC's General Orders (GO) 95 165. SMUD recognizes these GOs reflect industry standard for design and construction of overhead electrical facilities, and specifically that GO 95 specifies a set of minimum design, inspection, and maintenance requirements for specific categories of electric supply facilities. In addition to these minimum requirements, GO 95, Rule 31.1 emphasizes that the design, construction and maintenance requirements should be implemented considering the local conditions under which the facilities are to be operated. Consistent with Rule 31.1, SMUD assesses best practices to protect the safety and reliability of its system by implementing design, construction, maintenance, or inspection protocols consistent with or exceeding the GO minimum standards. Two key examples of where SMUD has implemented standards exceeding the GO

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<sup>3</sup> <https://osfm.fire.ca.gov/what-we-do/community-wildfire-preparedness-and-mitigation/fire-hazard-severity-zones>

<sup>4</sup> <https://osfm.fire.ca.gov/what-we-do/community-wildfire-preparedness-and-mitigation/fire-hazard-severity-zones/fire-hazard-severity-zones-maps>

<sup>5</sup> <https://www.cpuc.ca.gov/industries-and-topics/wildfires/fire-threat-maps-and-fire-safety-rulemaking>



minimums are (1) SMUD’s intrusive wood pole testing interval is every 10 years which is more frequent than the minimum requirements of GO165 , and (2) SMUD has removed vegetation and potential hazard trees up to 200 feet from either side of the transmission lines in the UARP which exceeds the vegetation clearance requirements of GO 95. SMUD’s pro-active strategies are intended to identify and resolve wood pole and tree concerns at an early stage to mitigate wildfire caused by a potential failure.

SMUD has explored potential system improvements in certain locations such as the use of non-sparking equipment in key areas (e.g., use of CAL FIRE exempt fuses), replacing wood poles with steel or ductile iron in certain cases and the use of covered conductor alternatives.

SMUD has protocols for disabling automatic reclosing and for de-energizing lines for public safety. Some conditions that factor into these protocols include: RFW, forecasted temperatures above 100°F, winds exceeding design standards and low humidity. It also has an Outage Communications Plan that addresses potential de-energization events. SMUD will include targeted messaging for affected areas that will set expectations and identify support resources. Table 7 describes activities that address SMUD’s key wildfire risk factors.

**Table 7 Activities that address wildfire risk factors**

Risk factor	Activity
<b>Fuel</b>	Vegetation management Fuels reduction Use of LiDAR and Ortho Imagery
<b>Equipment/facility failure</b>	Routine maintenance Focused design and construction standards to reduce ignition sources (e.g., use of non-expulsion fuses and arrestors, replacement of wood poles, undergrounding and other options) Transmission and distribution line detailed inspections and annual patrol No reclosing during fire season Intrusive pole testing and pole replacement De-energization of lines during certain conditions
<b>Contact from object(s)</b>	Animal/bird guards Raptor construction (increased line spacing) Increased vegetation clearances (at time of work)
<b>Wire to wire contact</b>	Weather station and monitoring
<b>Other</b>	SMUD worker/contractor education on fire ignition sources from normal work activities Fire watch (daily 30 minutes after work completion in high-risk areas)

## 6.2 Transmission grid operational practices

### 6.2.2 Preventative De-energization Plans

SMUD’s Power System Operators (PSO) have the authority to de-energize portions or all the Valley and UARP transmission line(s) for safety, reliability, conditions beyond design criteria, threat of wildfires and during emergency conditions when requested by local law enforcement or fire officials. Per existing protocols, planned de-energizations are coordinated with interconnected agencies.

During active fire season as declared by CAL FIRE the PSO is authorized to de-energize portions or all the Valley and UARP transmission line(s) when there is imminent fire danger, mandatory fire orders are in effect,



and/or the transmission system is experiencing conditions beyond design criteria. The PSO will take a combination of many factors into consideration when implementing de-energization procedures, which include the triggers listed below, as well as power system knowledge and potential community impacts. De-energization decisions require a balancing of all these factors as well as a knowledge of the area and operation of the power system. No single element is determinative.

- Extreme fire danger threat levels, as classified by the National Fire Danger Rating System
- A RFW declaration by the National Weather Service
- Low humidity levels lower than what is required for a RFW
- Sustained winds exceeding design standards
- Site-specific conditions such as temperature, terrain, and local climate
- Critically dry vegetation that could serve as fuel for a wildfire
- On-the-ground, real-time observation from SMUD or other agency field staff

The PSO utilizes various operational and situational awareness tools to determine when de-energization is appropriate. The tools are listed below:

- Weather data telemetered into SMUD's Energy Management System, such as wind speed, wind direction, air temperature, barometric pressure and relative humidity
- US Forest Service – Wildland Fire Assessment System, <https://www.wfas.net/>
- CAL FIRE Incidents Information, <https://www.fire.ca.gov/incidents>
- CAL FIRE California Statewide Fire Map: <https://www.fire.ca.gov/incidents/>
- National Weather Service: <https://www.weather.gov/>
- Indji Watch real time operational tool: <https://www.indjiwatch.com/>
- Geographic Information System (GIS) based tools
- ALERTWildfire: <http://www.alertwildfire.org/tahoe/index.html>
- NOAA/National Weather Service Storm Prediction Center: <https://www.spc.noaa.gov/>
- National Significant Wildland and Fire Potential Outlook, <https://www.nifc.gov/nicc/predictive-services/outlooks>
- Wildfire Forecast & Threat Intelligence Integration Center (WFTIIC), <https://hub.wftiic.ca.gov/>
- Watch Duty: [Watch Duty - Wildfire Maps & Alerts](#)

SMUD did not de-energization its lines due to wildfire conditions in 2023 or 2024. As a result, the disruption to power services associated with preventative de-energization events has not occurred during this period.

## **6.6 Enhancement and mitigation projects**

SMUD forecasts and plans for upcoming work several years in advance. This planning process allows adequate level of staffing and funding for needed projects. This section identifies the specific upcoming projects that help reduce SMUD's wildfire risk.

### **6.6.1 *Install non-expulsion devices in PCA***

**Status: On-track to be completed by the end of 2025 barring any ongoing supply chain constraints.**

**Start date: 2020**

**Expected completion: 2025**

This project targets SMUD's PCA to reduce the risk of fire ignitions by installing non-expulsion equipment (CAL FIRE exempt equipment). Existing overhead fuses and fuse holders will continue to be replaced with non-expulsion type fuses. Existing arresters are being replaced with new arrestors that have arc protection. In addition, the connectors used to attach the devices to conductors are being replaced with Cal FIRE exempt wedge-type connectors.



### **6.6.2 Replace #6 Copper conductors in PCA**

**Status: Completed 2023**

**Start Date: 2021**

**Expected Completion: 2023**

This project targets SMUD's PCA for removal of #6 copper conductors and replacement with heavier gauge aluminum. The project was proposed in conjunction with Eagle Take Permit mitigation work to reduce avian contacts issued in connection with the expansion of SMUD's Wind Farm in Solano County. The mitigation activity involves re-framing approximately 185 poles to increase overhead conductor spacing.

### **6.6.3 UARP 4kV UG conversion**

**Start Date: 2020**

**Completed: 2022**

After performing a feasibility study of alternatives, SMUD decided to remove the 4kV bare wire lines in the UARP and install underground infrastructure. Two of the shorter lines were undergrounded in 2020 and 2021. Construction was completed on the longest of the three lines in summer of 2022.

### **6.6.4 UARP Fuels Reduction**

**Status: On-track to be completed in 2025**

**Start Date: 2019**

**Expected Completion: 2025**

This project is designed to help protect the UARP transmission lines and strengthen the fire break value it provides. The project area includes the entire length of SMUD's UARP transmission line within the existing right-of-way corridor plus targeted work approximately 200 feet on each side. Project treatments are designed to increase the area of forest lands treated for fuels reduction and prescribed fire and contribute to the longer-term restoration of the Crystal Basin forested landscape. Implementation measures will reduce the density of surface and ladder fuels by mechanical thinning, mastication, and hand crew work as part of a larger suite of silvicultural prescriptions that restore mixed conifer composition, health, and vigor. The project seeks to establish conditions outside the easement where reasonable and practicable that allow for a mosaic of multiple age class forest stands, variation in tree size, density, and species composition through treatments that retain the largest trees where reasonable and without defects while establishing conditions that allow for safe and efficient fire suppression, especially around private inholdings of Sierra foothill communities. This project has finished 99% of the work in 2023, with the remaining tasks mainly hindered by challenging landowner situations. At present, SMUD has one remaining landowner to finalize work with.

### **6.6.5 Install SCADA reclosers in PCA**

**Status: Deferred 2025 to 2027 due to unforeseen supply chain constraints**

**Start Date: 2025**

**Expected Completion: 2027**

The existing 12kV feeders serving PCA customers are non-SCADA. This project will install SCADA enabled reclosers on feeders that serves SMUD's PCA customers. The SCADA reclosers will provide distribution operators visibility to the circuits and ability to operate the recloser remotely, including remotely disabling the reclosing function. The SCADA enabled reclosers will have modern microprocessor-based controllers, which will provide SMUD engineers the flexibility of fast-trip settings during fire season, and normal settings for



improved reliability during storm season. Visibility to circuit's measured values will provide distribution operators the ability to remotely de-energize the circuit(s) when conditions warrant or when requested by emergency response personnel. This project is anticipated to be completed in 2027, provided there are no disruptions in the supply chain.

#### **6.6.6 VM Aerial LiDAR, 10 ortho and oblique imagery**

**Start Date: 2017 and annually as needed**

**Completed: Work Plan developed and completed annually as needed**

SMUD contracts with an external vendor to utilize LiDAR and remote sensing to supplement or enhance traditional "boots on the ground" vegetation patrols. Both LiDAR and Ortho imagery is obtained from rotary and fixed wing aircraft. The technology measures vegetation clearance distances from the conductor in both "as flown" and modeled conditions. Modeling is taking all the engineering calculations for maximum load and wind ratings to calculate clearance distances in "full operating range of the respective facility." Ortho Imagery is used to provide a more accurate and pre-mature visibility of vegetation in decline that may not yet be visible to the human eye.

In 2023 and 2024 the vendor captured LiDAR data along the transmission corridors in the UARP, as well as the portions of Sacramento County designated as CAL FIRE's State Responsibility Area (SRA) for both T&D circuits. The LiDAR detections are categorized by priority. As soon as SMUD VM receives notification, SMUD VM field staff use the data to support patrols. Urgent and future potential conflicts are field checked and tree work is prescribed as needed (Transmission & SRA Distribution). These are reviewed by SMUD VM planners during annual patrols and tree work prescribed as required. Imagery work is budgeted for 2025.

### **6.7 Pilot projects**

Pilot projects are initiated to explore technologies and practices that are new to SMUD. These projects are intended for SMUD staff to evaluate the effectiveness and benefits of the technologies or practices. The pilot must prove successful to implement the technology or practice. Some of the factors considered at the conclusion of a pilot are proven risk reductions, material and installation costs, ease and efficiency of installations and overall effectiveness of the technology. Based on the results of the pilots, SMUD may elect to integrate the technologies or practices into its various ongoing maintenance programs. Current pilot projects are described below.

#### **6.7.1 Pole-mounted Sensor Pilot Program**

**Status: Installation of devices is planned to start in 2025**

**Start Date: 2025**

**Expected Completion: 2028**

This project involves installing pole-mounted devices on hundreds of SMUD's poles and towers, including select locations within the UARP and PCA. Once deployed, the pilot program will consist of a three-year monitoring period. These pole-mounted sensors provide near real-time power line monitoring to improve grid reliability. These devices continuously assess grid conditions, detecting faults, voltage fluctuations, line sag, conductor damage, vegetation contact, and other anomalies. Utilizing machine learning, the system alerts key personnel to potential issues, enabling faster response times. Additionally, the sensors are expected to support SMUD's wildfire mitigation strategy by identifying hazardous conditions such as sparking conductors and other abnormal grid behaviors.



## 7. Response Guidelines

### 7.2 Public and agency communications for a potential wildfire

Public safety is a guiding principle at SMUD. While SMUD's WMP activities are designed to mitigate wildfire danger, in instances of high fire threat conditions, interruption of electrical service by de-energizing powerlines may be necessary as a last resort. De-energizing powerlines may be the safest approach and makes sense if the risk of a wildfire starting and spreading is severe. SMUD proactively communicates with customers and key stakeholders through multiple channels about preparing for potential power outages, and the power restoration process. SMUD recognizes that many entities and individuals are particularly vulnerable during extended power outages and makes every effort to provide up-to-date information to these populations prior to, during and after an event.

This proactive communication is utilized for:

- 1) A wildfire threat to localized circuits within the SMUD service territory that results in localized de-energization.
- 2) A wildfire threat to SMUD's UARP hydroelectric generation and transmission system that results in a de-energization event causing a capacity/energy shortage (rotating outages).
- 3) A wildfire threat to a major shared transmission line(s) that impacts the statewide grid or parts of it and creates a resource shortage for the utilities, including SMUD, that rely on the resources the line(s) provides.

SMUD has implemented an opt-in program on [smud.org](https://smud.org) that allows for vulnerable populations to receive additional information or notifications in the unlikely event of a wildfire in SMUD service territory.

Among SMUD's most vulnerable customers are those enrolled in the Medical Equipment Discount Rate program (MED rate). These customers rely on specialized medical equipment that may require power. SMUD also has a Vulnerable Customer program which allows customers to self-identify as vulnerable for concerns not covered by our MED Rate, we include our Energy Assistance Program Rate (EAPR) and 3rd Party/Senior ID customers in this group. SMUD has more than 11,000 customers who rely on specialized medical equipment and who are enrolled in the MED rate program, 3rd Party/Senior ID program or enrolled in our Vulnerable Customer program. Additionally, SMUD has nearly 75,000 customers that participate in our EAPR program. SMUD will send these customers an email or letter each year to remind them of the risk of wildfire danger, to have an emergency back-up plan if an outage occurs, to update their contact information and refer them to [Smud.org/wildfiresafety](https://smud.org/wildfiresafety) for more information.

All SMUD customers can visit the [smud.org/wildfiresafety](https://smud.org/wildfiresafety) webpage where they'll be able to find:

- Wildfire mitigation plan
- Information on how SMUD mitigates fire risk
- Emergency preparedness planning guide (7 languages)
- Links to additional resources
- Video on wildfire mitigation efforts
- Rotating outage map and periodic event updates
- Frequently Asked Questions on the de-energization process



[Smud.org/WildfireSafety](https://smud.org/WildfireSafety) provides access to information about SMUD's effort in wildfire planning and prevention (including an archive of this and prior WMPs), how to identify fire risk in areas where SMUD maintains electric facilities, a video on our wildfire mitigation efforts, emergency planning and preparation) and SMUD's de-energization protocols.

SMUD also proactively communicates before potential emergency events about our efforts to prepare for and reduce wildfire risk.

In advance of peak wildfire season, SMUD conducts ongoing communications about how to prepare for emergencies in the event of a wildfire, natural disaster or major outage. The communications include:

- Letters and emails to MED Rate, EAPR 3rd Party/Senior ID and self-identified vulnerable customers, with preparation checklists.
- Outdoor billboards
- Digital monitors in our customer lobby
- Bill inserts
- Reminders on SMUD.org homepage encouraging customers to update contact information
- Customer newsletters (print and email) on safety tips, preparation.

SMUD's public information specialists will provide ongoing updates on multiple platforms, including social media, to provide customers and the community with up-to-date information about an emergency or potential emergency.

SMUD's government affairs representatives will reach out to the executive staff of local governments, elected officials, SMUD's state delegation, federal and tribe representatives and appropriate agency staff to provide initial contact and ongoing communications by email and phone with messages for their constituents.

In the time leading up to a potential or imminent de-energization event or emergency, SMUD makes every effort to maintain contact with customers it believes may be impacted and keep the media, local agencies and the public aware of the number of customers affected, and SMUD's activities and restoration efforts.

Key stakeholders and public safety partners, including potentially impacted federal, state and local elected officials, City and County executive staff, tribe representatives and first responders are also contacted via a variety of channels. SMUD has specific personnel assigned to elected officials and agencies, and to critical customers including water and telecommunications utilities potentially affected by de-energized powerlines.



## Appendix

The table below provides new links for existing links on the 2023-2025 full plan that are no longer working.

Table with updated links

Foot note	Page	Existing Link	New Link
2	8	<a href="https://www.fs.fed.us/nrs/pubs/rmap/rmap_nrs8.pdf">https://www.fs.fed.us/nrs/pubs/rmap/rmap_nrs8.pdf</a>	<a href="https://www.fs.usda.gov/nrs/pubs/rmap/rmap_nrs8.pdf">https://www.fs.usda.gov/nrs/pubs/rmap/rmap_nrs8.pdf</a>
6	31	<a href="https://egis.fire.ca.gov/FHSZ/">https://egis.fire.ca.gov/FHSZ/</a>	<a href="https://osfm.fire.ca.gov/what-we-do/community-wildfire-preparedness-and-mitigation/fire-hazard-severity-zones">https://osfm.fire.ca.gov/what-we-do/community-wildfire-preparedness-and-mitigation/fire-hazard-severity-zones</a>
8	31	<a href="https://www.cafirefoundation.org/cms/assets/uploads/2020/05/CPUC_Fire-Threat_Map_final.pdf">https://www.cafirefoundation.org/cms/assets/uploads/2020/05/CPUC_Fire-Threat_Map_final.pdf</a>	<a href="https://files.cpuc.ca.gov/safety/fire-threat_map/2021/CPUC%20Fire%20Threat%20Map_v.3_08.19.2021.Letter%20Size.pdf">https://files.cpuc.ca.gov/safety/fire-threat_map/2021/CPUC%20Fire%20Threat%20Map_v.3_08.19.2021.Letter%20Size.pdf</a>
N/A	34	<a href="https://www.predictiveservices.nifc.gov/outlooks/outlooks.htm">https://www.predictiveservices.nifc.gov/outlooks/outlooks.htm</a>	<a href="https://www.nifc.gov/nicc/predictive-services/outlooks">https://www.nifc.gov/nicc/predictive-services/outlooks</a>
9	39	<a href="https://osfm.fire.ca.gov/media/8482/fppguidepdf126.pdf">https://osfm.fire.ca.gov/media/8482/fppguidepdf126.pdf</a>	<a href="https://34c031f8-c9fd-4018-8c5a-4159cdf6b0d-cdn-endpoint.azureedge.net/-/media/osfm-website/what-we-do/community-wildfire-preparedness-and-mitigation/prevention-field-guides/fppguidepdf126.pdf?rev=842b1eb3375e430e9c58a69f9f39b633&amp;hash=E94151A6AE6D329FEE4DFF82439DC5AF">https://34c031f8-c9fd-4018-8c5a-4159cdf6b0d-cdn-endpoint.azureedge.net/-/media/osfm-website/what-we-do/community-wildfire-preparedness-and-mitigation/prevention-field-guides/fppguidepdf126.pdf?rev=842b1eb3375e430e9c58a69f9f39b633&amp;hash=E94151A6AE6D329FEE4DFF82439DC5AF</a>
12	55	<a href="http://www.fire.ca.gov/fire_protection/downloads/siege/2007/Overview_Glossary.pdf">http://www.fire.ca.gov/fire_protection/downloads/siege/2007/Overview_Glossary.pdf</a>	<a href="https://bof.fire.ca.gov/media/tpi3n3m/full-14-b-vhfhsz-frequently-asked-questions.pdf">https://bof.fire.ca.gov/media/tpi3n3m/full-14-b-vhfhsz-frequently-asked-questions.pdf</a>
13	55	<a href="http://www.cpuc.ca.gov/FireThreatMaps/">http://www.cpuc.ca.gov/FireThreatMaps/</a>	<a href="https://www.cpuc.ca.gov/industries-and-topics/wildfires/fire-threat-maps-and-fire-safety-rulemaking">https://www.cpuc.ca.gov/industries-and-topics/wildfires/fire-threat-maps-and-fire-safety-rulemaking</a>
14	55	<a href="https://w1.weather.gov/glossary/index.php?word=red+flag+warning">https://w1.weather.gov/glossary/index.php?word=red+flag+warning</a>	<a href="https://www.weather.gov/gjt/firewxcriteria">https://www.weather.gov/gjt/firewxcriteria</a>
N/A	56	<a href="https://www.cafirefoundation.org/cms/assets/uploads/2020/05/CPUC_Fire-Threat_Map_final.pdf">https://www.cafirefoundation.org/cms/assets/uploads/2020/05/CPUC_Fire-Threat_Map_final.pdf</a>	<a href="https://files.cpuc.ca.gov/safety/fire-threat_map/2021/CPUC%20Fire%20Threat%20Map_v.3_08.19.2021.Letter%20Size.pdf">https://files.cpuc.ca.gov/safety/fire-threat_map/2021/CPUC%20Fire%20Threat%20Map_v.3_08.19.2021.Letter%20Size.pdf</a>
N/A	56	<a href="https://osfm.fire.ca.gov/divisions/community-wildfire-preparedness-and-mitigation/wildland-hazards-building-codes/fire-hazard-severity-zones-maps/">https://osfm.fire.ca.gov/divisions/community-wildfire-preparedness-and-mitigation/wildland-hazards-building-codes/fire-hazard-severity-zones-maps/</a>	<a href="https://osfm.fire.ca.gov/what-we-do/community-wildfire-preparedness-and-mitigation">https://osfm.fire.ca.gov/what-we-do/community-wildfire-preparedness-and-mitigation</a>
N/A	56	<a href="https://osfm.fire.ca.gov/divisions/wildfire-planning-engineering/wildfire-prevention-engineering/prevention-field-guides/">https://osfm.fire.ca.gov/divisions/wildfire-planning-engineering/wildfire-prevention-engineering/prevention-field-guides/</a>	<a href="https://osfm.fire.ca.gov/what-we-do/community-wildfire-preparedness-and-mitigation/prevention-field-guides">https://osfm.fire.ca.gov/what-we-do/community-wildfire-preparedness-and-mitigation/prevention-field-guides</a>
15	56	<a href="https://www.nwcg.gov/term/glossary/wildfire">https://www.nwcg.gov/term/glossary/wildfire</a>	<a href="https://www.nwcg.gov/publications/pms205/nwcg-glossary-of-wildland-fire-pms-205">https://www.nwcg.gov/publications/pms205/nwcg-glossary-of-wildland-fire-pms-205</a>



**RESOLUTION NO. \_\_\_\_\_**

**WHEREAS**, Senate Bill 901 (2018) and Assembly Bill 1054 (2019) revised the California Public Utilities Code section 8387 (PUC § 8387) to require that before January 1, 2020, and annually thereafter, every publicly owned electric utility (POU) prepare a **Wildfire Mitigation Plan (WMP)**, present it in a noticed public meeting, and accept comments; and

**WHEREAS**, PUC § 8387 also requires that each POU update its plan annually and submit the update to the **California Wildfire Safety Advisory Board (WSAB)** by July 1 of each year; and

**WHEREAS**, PUC § 8387 also requires that at least once every three years, the plan submitted to the **WSAB** shall be a comprehensive revision of the plan; and

**WHEREAS**, PUC § 8387 states that the POU shall contract with a qualified independent evaluator experienced in assessing the safe operation of electrical infrastructure to review and assess the comprehensiveness of the POU's **WMP**, who shall issue a report that shall be made available on the POU's website and presented at a public meeting of the POU's Board; and

**WHEREAS**, by Resolution No. 23-06-05, adopted on June 15, 2023, following opportunity for public input and presentation of the qualified independent evaluator's report, this Board adopted SMUD's 2023-2025 **WMP** and authorized the Chief Executive Officer and General Manager to make future changes to SMUD's 2023-2025 **WMP** that further the primary purpose of SMUD's 2023-2025 **WMP** and provide a net benefit to SMUD; and



**WHEREAS**, by Resolution No. 24-05-06, adopted on May 16, 2024, following opportunity for public input, this Board adopted the **2024 Update** to SMUD's 2023-2025 **WMP** and authorized the Chief Executive Officer and General Manager to make future changes to SMUD's 2023-2025 **WMP** that further the primary purpose of SMUD's 2023-2025 **WMP** and provide a net benefit to SMUD; and

**WHEREAS**, in accordance with PUC § 8387, staff completed the draft **2025 Update** of SMUD's 2023-2025 **WMP (2025 Update)**, conducted public outreach to solicit comments on the draft **2025 Update**; and

**WHEREAS**, the draft **2025 Update** was posted on [smud.org/wildfiresafety](https://smud.org/wildfiresafety) and made available for public review and comment for over 30 days ending June 6, 2025; and

**WHEREAS**, SMUD received no public comment on the draft **2025 Update**; and

**WHEREAS**, the draft **2025 Update** was presented to the SMUD Board of Directors Policy Committee at a duly noticed public meeting on June 11, 2025, at which meeting opportunity for public comment was provided; **NOW, THEREFORE**,

**BE IT RESOLVED BY THE BOARD OF DIRECTORS  
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

**Section 1.** This Board adopts the **2025 Update** to SMUD's 2023-2025 **Wildfire Mitigation Plan (WMP)** substantially in the form set forth in **Attachment \_\_** hereto and made a part hereof.

**Section 2.** The Chief Executive Officer and General Manager, or his designee, is authorized to make future changes to SMUD's 2023-2025 **WMP** that, in his prudent judgment: (a) further the primary purpose of SMUD's 2023-2025 **WMP**; and (b) are intended to provide a net benefit to SMUD.







SSS No. PSS 25-003

# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting &amp; Date

Policy – 06/11/25

Board Meeting Date

June 19, 2025

TO				TO				
1.	Claire Rogers			6.				
2.	Jose Bodipo-Memba			7.				
3.	Suresh Kotha			8.				
4.	Brandy Bolden			9.	<b>Legal</b>			
5.	Farres Everly			10.	<b>CEO &amp; General Manager</b>			
<b>Consent Calendar</b>	<input checked="" type="checkbox"/>	<b>Yes</b>	<input type="checkbox"/>	<b>No</b>	<i>If no, schedule a dry run presentation.</i>			
<b>Budgeted</b>	<input checked="" type="checkbox"/>	<b>Yes</b>	<input type="checkbox"/>	<b>No</b>	<i>(If no, explain in Cost/Budgeted section.)</i>			
FROM (IPR) Laurie Rodriguez				DEPARTMENT People Services & Strategies		MAIL STOP B251	EXT. 6123	DATE SENT

**NARRATIVE:**

**Requested Action:** Accept the monitoring report for Strategic Direction SD-8, Employee Relations.

**Summary:** This presentation provides the Board with the annual monitoring of SD-8, Employee Relations and confirms that SMUD is developing and maintaining a high quality, inclusive workplace that engages and inspires employees to commit to SMUD's purpose, vision, and values.

**Board Policy:** Strategic Direction SD-8, Employee Relations  
*(Number & Title)*

**Benefits:** Provide the Directors and Executive Staff with an overview of the Board Policy and give them an opportunity to ask questions, make corrections, additions or changes, if necessary.

**Cost/Budgeted:** Costs contained in internal labor budget.

**Alternatives:** Provide via written report through the Chief Executive Officer and General Manager.

**Affected Parties:** All SMUD Employees

**Coordination:** People Services & Strategies; Diversity, Equity, Inclusion & Belonging (DEIB), Learning & Sustainable Communities

**Presenter:** Laurie Rodriguez, Director, People Services & Strategies  
Dr. Markisha Webster, Director, DEIB, Learning & Sustainable Communities

**Additional Links:**

SUBJECT

**SD-8, Employee Relations Board Monitoring Report**

ITEM NO. (FOR LEGAL USE ONLY)

**9**

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.



# SACRAMENTO MUNICIPAL UTILITY DISTRICT

## OFFICE MEMORANDUM

**TO:** Board of Directors

**DATE:** May 14, 2025

**FROM:** Claire Rogers *CR 5/14/25*

**SUBJECT: Audit Report No. 28007863  
Board Monitoring Report; SD-08: Employee Relations**

Internal Audit Services (IAS) received the SD-08 *Employee Relations* 2024 Annual Board Monitoring Report and performed the following:

- Selected a sample of statements and assertions in the report for review.
- Interviewed report contributors and verified the methodology used to prepare the statements in our sample.
- Validated the reasonableness of the statements in our sample based on the data or other support provided to us.

During the review, nothing came to IAS' attention that would suggest the items sampled within the SD Board Monitoring report did not fairly represent the source data available at the time of the review.

**CC:**

Paul Lau



# **Board Monitoring Report 2024**

## **SD-8, Employee Relations**



### **1. Background**

Strategic Direction 8 (SD-8) states that:

Developing and maintaining a high quality, diverse and inclusive workplace that engages and inspires employees to commit to SMUD's purpose, vision and values is a core value of SMUD.

SMUD is committed to diversity and inclusion and will foster and support a workplace that values employees representing a variety of backgrounds, including but not limited to, race, ethnicity, gender, gender identification and/or expression, sexual orientation and identification, national origin, age, physical abilities, veteran status, socio-economic status, life experiences, talents, and thinking styles.

Therefore:

- a) SMUD shall attract and retain a highly qualified and diverse workforce.
- b) SMUD shall promote inclusion and diversity and engage its workforce in activities that demonstrate and support inclusion and diversity across the organization.
- c) SMUD shall engage its workforce in personal and professional development.
- d) SMUD's percentage of engaged employees as measured through the Engagement Index shall exceed 80%.
- e) SMUD shall use a broad mix of communication and outreach channels to ensure its recruitment activities reflect the diversity of the communities it serves.
- f) SMUD shall maintain and communicate written policies that define procedures and expectations for staff and provide for effective handling of grievances.
- g) Annually, and consistent with State and Federal law, the Board shall receive a report detailing the demographics and trends of the SMUD workforce, the available workforce, and the Sacramento region. The report shall also provide information on veterans as a part of SMUD's workforce.

### **2. Executive Summary**

**SMUD is in full compliance with SD-8, Employee Relations.**

The continued rapid pace of change in today's energy industry and economy requires that employer workforce strategies keep pace. SMUD has accordingly accelerated the rate at which we implement changes to how we attract, retain, engage, and develop our employees. After several years enhancing people strategies with better data and stronger partnerships, the 2024 outcomes in this report illustrate the ongoing momentum we're experiencing within our programs.



<b>SD Support</b> (Program, Policy, Procedure or Initiative)	<b>SD Requirement(s)</b>	<b>Purpose</b>	<b>Outcome</b>	<b>Notes</b>
<b>Education Outreach</b>	a) Attract and retain qualified, diverse workforce b) Promote and engage employees in inclusion, diversity e) Broad mix of recruiting communication and outreach	Train future energy leaders; increase STEM awareness and curiosity; engage the community in SMUD's 2030 Zero Carbon Plan; promote new tech/SMUD programs; increase customer engagement and value	Engaged 23,629 students in learning about SMUD's Zero Carbon effort and related energy industry careers	Up from 13,201 students in 2023. Reporting has been updated to reflect additional events that reached a large number of people with zero-carbon related career awareness and training.
<b>Career Ambassador Program</b>	a) Attract and retain qualified, diverse workforce b) Promote and engage employees in inclusion, diversity e) Broad mix of recruiting communication and outreach	Increase future workforce talent while simultaneously engaging employees through early outreach & connection with future pipeline (K-12, college, and community)	Reached 12,659 students and community members at 151 Career Ambassador outreach events (133 in-person, 18 virtual).	There was a clear preference for in-person engagement as event requests mirrored pre-COVID totals. Work is underway to enhance incentives for ambassadors and continue the trend of increased involvement from business units across SMUD.
<b>Talent Acquisition</b>	a) Attract and retain qualified, diverse workforce b) Promote and engage employees in inclusion, diversity e) Broad mix of recruiting communication and outreach	Attract, identify, secure, and retain talent that enables SMUD to deliver on its strategic directives	Managed 684 hiring requisitions, screening a total of 28,037 applications - 2,488 internal applications - 25,549 external applications	We saw a 50% decrease in internal applications as streamlined position management required less hiring requisitions in 2024. External applications increased by approx. 500.
<b>Internships</b>	a) Attract and retain qualified, diverse workforce b) Promote and engage employees in inclusion, diversity e) Broad mix of recruiting communication and outreach	Strengthen talent pipeline by immersing students of varied backgrounds in SMUD's culture and careers	5,526 college intern applicants, 76 college interns hired  200 high school intern applicants, 13 high school interns hired	Up from 3,146 applicants in 2023, up from 58 interns hired  Down from 303 high school applicants, up from 11 interns hired



Regional Workforce Development	a) Attract and retain qualified, diverse workforce b) Promote and engage employees in inclusion, diversity e) Broad mix of recruiting communication and outreach	Develop workforce training and partnerships to support readiness and skills for a zero carbon economy; help close economic disparity gaps by creating equitable access to resulting economic growth	Partnered with 49 community organizations to deploy workforce development and training, reaching 9,041 youth & adults and training 4,698 in work-readiness and technical skills. Placed 981 trainees into new careers	High emphasis on bringing opportunities to under-resourced communities. Past reporting reflected only people trained in technical, hands-on skills programs. Numbers now reflect broader workforce training categories and support.
Skilled Trades Apprenticeship Programs	a) Attract and retain qualified, diverse workforce c) Workforce personal and professional development	Engage SMUD employees in personal and professional development through formal apprenticeship	Managed training plans, on-the-job training hours, and classroom instruction for 110 apprentices, 41 of which were new in 2024 <ul style="list-style-type: none"> <li>- 28 Lineworkers</li> <li>- 2 Network cable splicers</li> <li>- 1 Engineering designer</li> <li>- 2 Hydro stationary engineers</li> <li>- 2 Hydro high voltage electricians</li> <li>- 6 High voltage electricians</li> </ul>	Industry trends and successful workforce planning efforts have necessitated an increased number of apprenticeships, ensuring SMUD has the skills and people to meet current and future goals.
Corporate Learning & Development Curriculum	a) Attract and retain qualified, diverse workforce b) Promote and engage employees in inclusion, diversity c) Workforce personal and professional development d) Employee engagement	Develop skills and leadership competencies that will support SMUD's current and future business strategy	Employees averaged 76 hours of training throughout 2024 <ul style="list-style-type: none"> <li>- 15 hours of mandatory training</li> <li>- 61 hours of non-mandatory training</li> </ul>	SMUD's learning culture continues to thrive. We saw 123 new users leverage LinkedIn Learning in 2024, contributing to 1,000+ more hours on the platform.
Internal & External Leadership Programs	a) Attract and retain qualified, diverse workforce b) Promote and engage employees in inclusion, diversity c) Workforce personal and professional development d) Employee engagement	Provide experiential learning opportunities to develop leadership, and support collaboration and philanthropy in the community	25 employees completed or graduated from 10 different local and regional leadership development programs	Up from 24 employees in 2023. Western Energy Institute's Utility Business Essentials was added as a 10 <sup>th</sup> leadership development opportunity in 2024.



Education Assistance	a) Attract and retain qualified, diverse workforce c) Workforce personal and professional development d) Employee engagement	Support employee continued education to attract & retain a highly qualified workforce	99 employees used the Education Assistance Tuition Reimbursement (EATR) program	Program enhancements have been made to better align areas of study with SMUD business needs
Employee Engagement	a) Attract and retain qualified, diverse workforce b) Promote and engage employees in inclusion, diversity d) Employee engagement	Create an environment where all employees feel psychologically safe and a sense of belonging	Employee Engagement Survey achieved 91% participation for the second time in a row  Survey results reflected an overall engagement score of 87%, up 3 points from the last survey in 2021	Both achievements mark all-time highs for SMUD. Our engagement score is 9% higher than our survey vendor's global and utility benchmarks.
Employee Resource Groups (ERGs)	b) Promote and engage employees in inclusion, diversity c) Workforce personal and professional development d) Employee engagement	Contribute to an inclusive work culture by creating a sense of community and promoting education and awareness in alignment with SMUD's mission and values and our Inclusion Policy	47 ERG events attended by 985+ employees to increase cultural awareness, foster a sense of support and belonging, and promote employee engagement	Down from 65 events in 2023, but participation increased by 300+ employees. Engagement heightened with strategic focus on aligning with the interests and needs of employees.
Code of Business Ethics and Employee Conduct	a) Attract and retain qualified, diverse workforce d) Employee engagement f) Maintain and communicate policies re: staff expectations, grievances	Equip employees with an easy-to-read explanation of SMUD's values and expectations for employee behavior	100% of all employees received and acknowledged the code of ethics and conduct upon reporting to SMUD campuses	Code supplements SMUD's state law-mandated Conflict of Interest Code
Workforce Demographics Reporting	g) Reporting on demographics, SMUD and regional workforce trends, veterans	Provide informational update on workforce demographics	Identify and report on trends and ongoing efforts for a high quality, diverse and inclusive workforce	See SD-8 appendix for detailed reporting



### **3. Additional Supporting Information**

Please see attached Appendix for additional information related to the SD-8 metrics.

### **4. Challenges**

SMUD's workforce data plays a critical role in our efforts to attract, develop, and retain key talent. We've embraced data reporting that aligns with contemporary standards for a diverse and highly qualified workforce and surpasses the federal reporting requirements included in this report. Benchmarking for the contemporary demographics we're tracking is difficult as we outpace the constraints of regulatory guidelines that rely on older data reporting practices and labels. We're monitoring available benchmarks, prioritizing compliance with governing agencies, and continuing to nurture a culture of belonging at SMUD.

### **5. Recommendations**

As reflected in this report, SMUD has achieved the goals set forth in SD-8 for ensuring SMUD develops and maintains a high quality, inclusive workplace that engages and inspires employees to commit to SMUD's purpose, vision, and values.

*It is recommended the Board accept the monitoring report for Strategic Direction 8.*

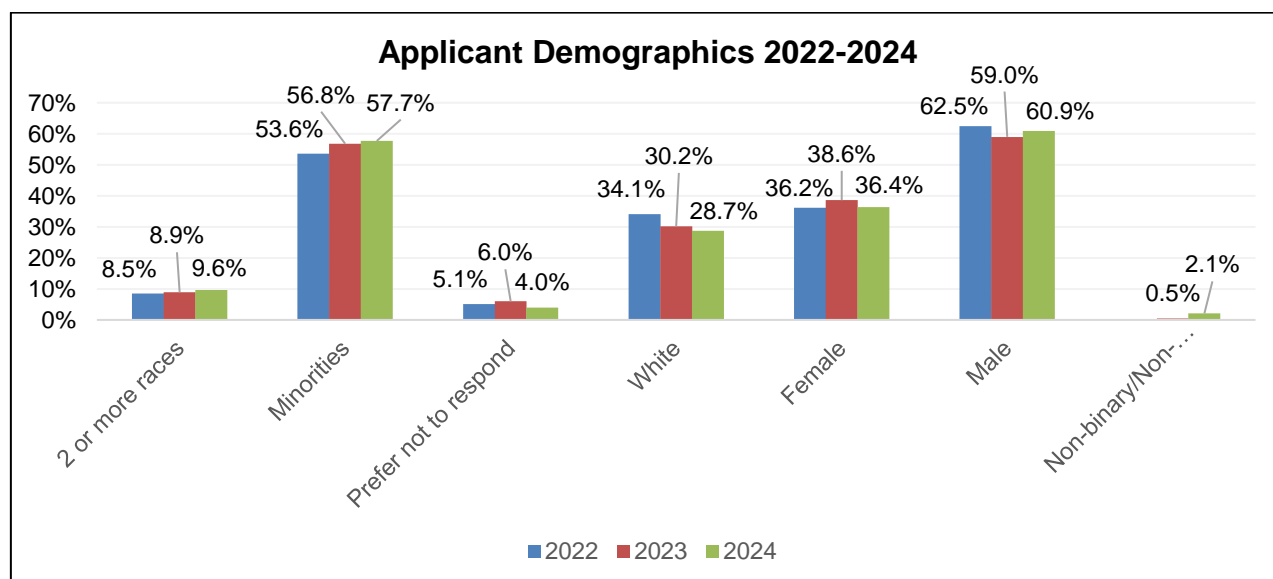


## Appendix

### Recruitment

The Talent Acquisition team partnered with hiring managers to conduct a total of 575 hiring consultations in 2024. The implementation of structured consultations for all processes and a clear recruitment process contributed to maintaining or even reducing hiring cycle times despite several senior leader recruitments throughout the year. These leadership recruitments include extensive consulting and collaborative planning to ensure a thorough search for the right talent.

In addition to traditional email blasts, job board postings, social media ads, and internal employee communication channels, we continued to leverage our third-party software solution Circa to efficiently advertise jobs and internships to partners, schools, and community organizations within a 150-mile radius of SMUD. In 2024, we saw a continued increase in applications from minorities, as defined by federal reporting guidelines.



### Early Talent Programs

We continue to collaborate with local colleges and high schools to expand outreach and create clear pathways into the utility sector. After partnering with 29 colleges and universities to reach nearly 2,500 students in 2024, and with the help of Circa to supplement our outreach efforts, SMUD fielded 5,700+ college and high school intern applications for 89 coveted spots.

Senior leaders partnered with Early Talent Programs last year to educate teams across SMUD about the intern program. They shared examples of the substantive, hands-on learning experiences available to interns to help them develop practical skills and enhance employability. And as a result, we saw an increased interest in sponsorship and were able to successfully onboard 20 more interns than in 2023.



Examples of contributions made by the most recent cohort of interns include:

1. Building a website for the Sacramento Power Academy
2. Conducting research on Artificial Intelligence integration for SAP software
3. Creating a dashboard to synthesize data from the 2022-2024 California Municipal Energy Purchasing Joint Powers Authority report and the Balancing Authority of Northern California and SMUD compliance oversight plan
4. Assisting Field Arborists and Land Planners with recording observations during visits to yards/neighborhoods/lots; and
5. Inspecting materials such as elbows, switchgears, cable and steel poles in support of quality control

### **Diversity, Equity, Inclusion & Belonging (DEIB)**

The structure and accountability the DEIB team implemented in 2023 laid an important foundation for the strides made in 2024. With the help of budget and governance oversight, collaboration guidelines, and enhanced measures of success, Employee Resource Groups (ERGs) and the DEIB team prioritized meaningful contributions to the employee experience with a series of impactful events. Among them were the 2<sup>nd</sup> annual ERG Leader Retreat, the first Diversity Day ERG Recruitment Fair, a Toastmasters Leader Cohort, a book club with the Emerging Professionals ERG, and mental health awareness education with the Parents ERG.

The ERG network expanded from eight to ten active groups in 2024:

- Black Employee Resource Group (BERG)
- Asian Pacific Islander (GRAIN ERG)
- Latinos Unity Network for Action (LUNA)
- Military Employee Resource Group (MERG)
- People Reaffirming Inclusion Diversity and Equality (PRIDE)
- Women's Employee Resource Group (WERG)
- Young Professionals Employee Resource Group (YP)
- Parents ERG
- NEW - Allies and Diverse Abilities Partnering Together (ADAPT): A space where employees with disabilities, and/or those who love someone with a disability, can connect to share resources, education and support
- NEW - Men's ERG: A group that promotes a more dynamic workplace environment for male employees at SMUD by acknowledging and addressing the distinctive obstacles they face

Comprised of representatives from all 10 ERGs and 12 business units across SMUD, the DEIB Council advocates for, informs, assesses and/or monitors the DEIB strategic plan. They also provide recommendations to the DEIB Department on behalf of SMUD. Throughout 2024, their insight supported a variety of efforts including Critical Infrastructure Protection, grants, community workshops, ERG programs, and SMUD's Employee Self-Identification (Self-ID) Campaign.

The Self-ID Campaign ran from September through December 2024 and was designed to inform, educate and engage employees. It was comprised of educational resources to accompany the new and expanded options for employees to self-identify within SMUD's Employee Central Portal, including Racial/Ethnic Group; Veteran Status; Protected Veteran Status; Pronouns; Gender Identity; and Disability Status. The campaign reached over 90% of the workforce with 2,070 employees participating.



## **Employee Engagement Survey**

SMUD administered an Employee Engagement Survey in fall of 2024 and learned that 87% of employees are engaged and committed to their work. This is in stark contrast to national trends reporting a decline in workforce engagement. We also noted more consistency in engagement across business units, which tells us there is less variability among the employee experience.

Survey results show we made notable improvements in employee growth and development (+3 to 6 points) and employees experiencing trust and respect from their supervisors (+5 points). The diversity, equity, inclusion and belonging questions also improved in the areas of people treating each other with respect, dignity and civility (+5 points), creating an inclusive environment (+ 3 points) and whether employees felt they belonged (+2 points).

We noted two statistically significant declines around employees feeling cared about as a person (-4 points) and feeling like senior leaders care about the employee experience (-3 points). We anticipated some losses, recognizing that this year has been one of tremendous change for many employees, with seven internal reorganizations, new hybrid work policies starting in January, and continued focus on innovative 2030 Zero Carbon Plan work. While these scores showed a loss, employees also reported they like working at SMUD because the organization cares about employees and the community.

Continuous feedback loops and targeted action plans will help us sustain high engagement and address emerging challenges as the organization progresses. Leaders are building upon stable engagement levels and high participation to continue promoting a cohesive culture where employees feel like they belong.

## **Leadership Development**

To provide experiential learning opportunities that develop leadership, and support collaboration and philanthropy in the community, SMUD currently supports 10 different leadership programs: Nehemiah Emerging Leaders, Western Energy Institute (WEI) Business Acumen for Emerging Leaders, WEI Utility Business Essentials, Asian Pacific Chamber Catalyst program, Leadership Rancho Cordova program, Leadership Elk Grove, Leadership Sacramento, Creciente Leadership Program (formerly Nueva Epoca), Leadership Folsom, and SMUD's Building Leadership Talent program. A selection process is conducted annually to match applicants with a program that effectively meets their development needs and SMUD's business objectives, and individuals that sit on selection panels are required to complete unconscious bias training.

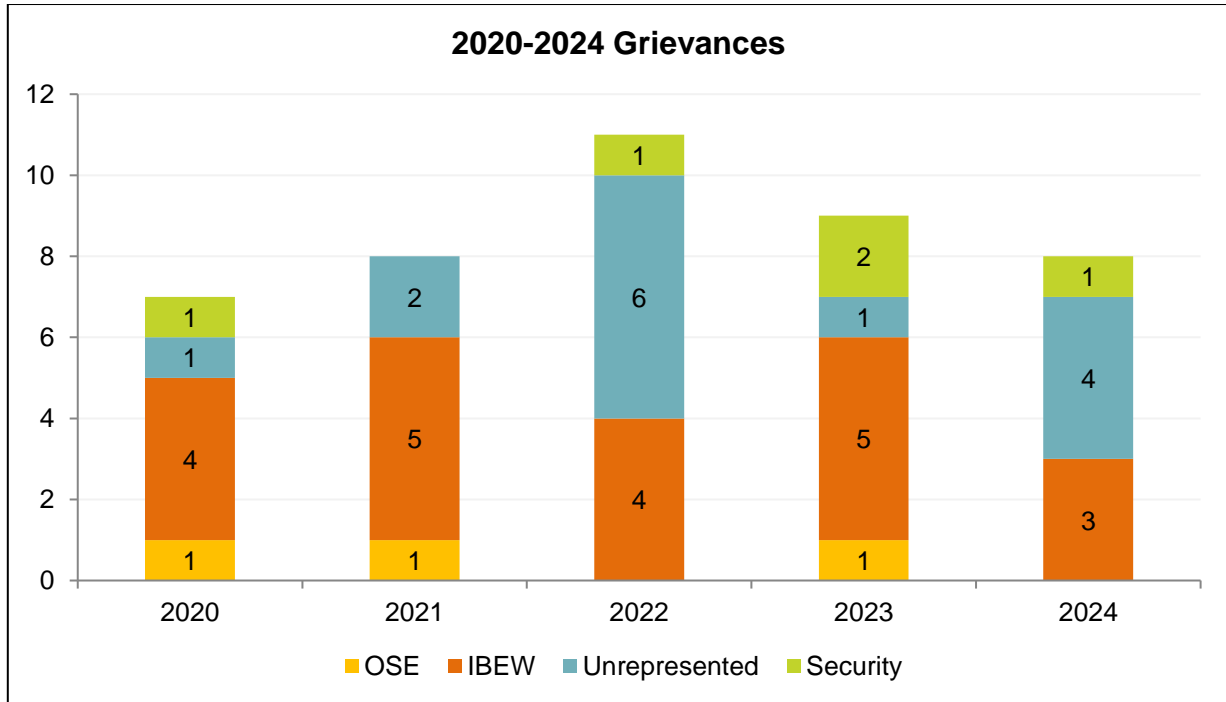
## **Wellness & Benefits**

Several initiatives targeted at improving employee health and work-life balance were launched in 2024. We extended on-site fitness center hours; implemented an interim Health and Wellness Program solution addressing a broader spectrum of employee wellness (physical, mental, social and financial); and most notably, SMUD announced an update to its Paid Family Leave and Long- and Short-term Disability benefits. We are proud to have launched fiscally responsible benefits that provide for the diverse needs of modern families and support SMUD's efforts to attract and retain highly qualified talent.



## Conduct & Grievances

In addition to SMUD's Code of Business Ethics and Employee Conduct, the Employee and Labor Relations teams provide daily guidance and counsel to ensure all employees (represented and unrepresented) understand SMUD policies and procedures, and their responsibilities with respect to the Code of Ethics. The teams resolved a total of 8 grievances in 2024, down from 9 in 2023.





## SMUD Workforce Demographics

The following *SD-8 Total Workforce Demographics* and *SD-8 Veteran Demographics* tables are consistent with federally mandated reporting and include benchmarks for Sacramento's available workforce and total population. Reporting excludes casual positions and members of the Board of Directors.

Reporting for 2024 includes the addition of *Native Hawaiian or Pacific Islander* to the Race/Ethnicity category. We've also added a decimal point to data to support increased visibility of smaller populations.

Historically, demographic shifts have been the cumulative result of several factors including new hires, separations, and retirements. Other factors impacting shifts in 2024 include changes to federal reporting, and increased awareness and utilization of SMUD's Employee Central Portal.

### SD-8 Total Workforce Demographics 2020-2024

Calendar Year	Gender		Race/Ethnicity						
	Male	Female	White	Black or African American	Hispanic or Latino	Asian	Native Hawaiian or Pacific Islander	American Indian or Alaska Native	2 or more Races
2020	66%	34%	58%	7%	15%	15%		1%	4%
2021	66%	34%	57%	7%	15%	15%		1%	5%
2022	67%	33%	56%	7%	16%	15%		1%	5%
2023	66%	34%	55%	7%	16%	16%		1%	5%
2024	65.3%	34.7%	54.8%	6.9%	16.6%	14.8%	0.9%	0.6%	5.5%
Sac Pop. 2024*	49.2%	50.8%	39.7%	9%	24.5%	17.6%	1.2%	0.3%	7.7%
Sac Civ. 2024**	52.2%	50.0%	41.5%	8.6%	25.4%	18.4%	-	-	-

\*Total Sacramento County Population data derived from 2023 American Community Survey, 1-Year Estimate.

\*\*Sacramento County Civilian labor force data derived from 2023 American Community Survey, 1-Year Estimate. Data represents residents aged 16 and older, and excludes houseworkers, unpaid volunteers, institutionalized individuals, and U.S. Armed Forces Active Duty.

Benchmark data was derived from the 2023 American Community Survey which does not include Middle Eastern or North African. Additionally, there is not complete data available for Native Hawaiian or Pacific Islander; American Indian or Alaska Native; or 2 or More Races for the civilian labor force.



## SMUD's Veteran Workforce

Veterans are a small but important part of SMUD's workforce. In 2024, we attended 14 vet-specific events to help them with tools to enter civilian careers. This included the California Employment Development Department's VetNet Series and Sacramento Veteran Employee Resource Groups, where we assisted with mock interviews, resume workshops, hiring process questions, and information about SMUD programs. We leveraged the Circa platform to complete outreach to 638 veteran organizations last year, sending more than 7,300 email announcements about SMUD jobs. We ultimately hired 24 veterans.

The Self-ID campaign conducted in 2024 provided employees with additional visibility into their reported veteran status. This may be a contributing factor to the increase in SMUD's veteran population, which increased from 5.2% in 2023 to 5.6% in 2024.

## SD-8 Veteran Demographics 2020-2024

Calendar Year	Gender		Race/Ethnicity						
	Male	Female	White	Black or African American	Hispanic or Latino	Asian	Native Hawaiian or Pacific Islander	American Indian or Alaska Native	2 or more Races
2020	91%	9%	58%	7%	14%	13%		0%	8%
2021	91%	9%	58%	6%	13%	13%		0%	9%
2022	90%	10%	56%	6%	13%	15%		0%	10%
2023	91%	9%	56%	5%	12%	16%		0%	11%
2024	82.9%	17.1%	50.0%	7.0%	16.0%	14.0%	3.0%	0.0%	10.0%
CA Vets*	90.0%	10.0%	58.0%	10.0%	14.0%	8.0%	0.0%	1.0%	9.0%

\*CA Vets VetPop2023 State Race/Ethnicity Data, 8L does not include Middle Eastern or North African as a race/ethnicity category

## Workforce Turnover

SMUD's turnover continues to trend downward, dropping from 6.4% in 2023 to 5.1% in 2024. Our turnover also continues to rank below the industry benchmark, which decreased from 11.1% in 2023 to 8.8% in 2024. It's possible economic influences are extending the average length of time a person may choose to stay in the workforce.

## Completing the Employee Lifecycle

To help identify strengths and opportunities across the organization, we continued the voluntary voice-to-voice exit interviews for departing employees. In 2024 we interviewed 83 employees who elected to share feedback on their experiences at SMUD.

- 94% of all exiting employees would recommend SMUD to a friend or colleague.
- 89% of exiting employees would consider returning to SMUD if the conditions were right.
- Less than half of employees specified that they were leaving because they were dissatisfied with some part of their job - either promotional opportunities, remote work limitations, or work/life balance in their specific job.



- Most employees view the workplace culture, the people they worked with at SMUD, as the best part of their job and listed a substantial number of positive descriptors for them.
- Employees felt recognized and appreciated for the contributions they made to SMUD. There were many more positive reactions when asked this question than critical commentary.

### Supplemental Reporting for an Inclusive Culture

Thanks to the advanced reporting capabilities of our workforce software, SMUD is able to embrace practices that align with contemporary standards for a diverse and highly qualified workforce. This includes the additional monitoring and reporting of data for Non-binary/Non-conforming, Middle Eastern or North African, and for those who prefer not to respond to Gender or Race/Ethnicity questions. SMUD recognizes the importance of collecting data that reflects a wider range of identities and preferences. The following charts reflect a baseline 2024 reporting year that includes these additional categories.

### Supplemental Total Workforce Demographics 2024

Calendar Year	Gender				Race/Ethnicity								
	Male	Female	Non-binary/ Non-conforming	Prefer Not to Respond	White	Black or African American	Hispanic or Latino	Asian	Native Hawaiian or Pacific Islander	American Indian or Alaska Native	Middle Eastern or North African	2 or more Races	Prefer Not to Respond
2024	65.2%	34.4%	0.1%	0.3%	52.8%	6.6%	16.0%	14.2%	0.9%	0.6%	0.1%	5.3%	3.6%
Sac Pop. 2024*	49.2%	50.8%	-	-	39.7%	9.0%	24.5%	17.6%	1.2%	0.3%	-	7.7%	-
Sac Civ. 2024**	52.2%	50.0%	-	-	41.5%	8.6%	25.4%	18.4%	-	-	-	-	-

\*Total Sacramento County Population data derived from 2023 American Community Survey, 1-Year Estimate.

\*\*Sacramento County Civilian labor force data derived from 2023 American Community Survey, 1-Year Estimate. Data represents residents aged 16 and older, and excludes houseworkers, unpaid volunteers, institutionalized individuals, and U.S. Armed Forces Active Duty.

Benchmark data was derived from the 2023 American Community Survey which does not include fields for Non-binary/Non-conforming, Prefer Not to Respond, or Middle Eastern or North African. Additionally, there is not complete data available for Native Hawaiian or Pacific Islander; American Indian or Alaska Native; or 2 or More Races for the civilian labor force.

### Supplemental Veteran Demographics 2024

Calendar Year	Gender				Race/Ethnicity								
	Male	Female	Non-binary/ Non-conforming	Prefer Not to Respond	White	Black or African American	Hispanic or Latino	Asian	Native Hawaiian or Pacific Islander	American Indian or Alaska Native	Middle Eastern or North African	2 or more Races	Prefer Not to Respond
2024	82.3%	16.9%	0.0%	0.8%	50.0%	6.9%	16.2%	13.8%	3.1%	0.0%	0.0%	10.0%	0.0%
CA Vets*	89.6%	10.4%	0.0%	0.0%	57.6%	9.9%	14.0%	7.8%	0.5%	1.0%	-	9.2%	0.0%

\*CA Vets VetPop2023 State Race/Ethnicity Data, 8L does not include Middle Eastern or North African as a race/ethnicity category



## Supplemental Workforce Demographics by Employee Level 2024

Level	Gender				Race/Ethnicity								
	Male	Female	Non-binary/ Non-conforming	Prefer Not to Respond	White	Black or African American	Hispanic or Latino	Asian	Native Hawaiian or Pacific Islander	American Indian or Alaska Native	Middle Eastern or North African	2 or more Races	Prefer Not to Respond
Execs	66.7%	33.3%	0.0%	0.0%	44.4%	22.2%	0.0%	33.3%	0.0%	0.0%	0.0%	0.0%	0.0%
Directors	61.8%	38.2%	0.0%	0.0%	58.8%	11.8%	2.9%	14.7%	2.9%	0.0%	0.0%	5.9%	2.9%
Managers	57.8%	41.3%	0.0%	0.9%	67.0%	1.8%	7.3%	13.8%	0.0%	0.9%	0.0%	7.3%	1.8%
Supervisors	63.2%	36.8%	0.0%	0.0%	57.6%	8.2%	11.3%	15.6%	0.9%	0.0%	0.0%	3.5%	3.0%
Staff	65.9%	33.7%	0.2%	0.3%	51.3%	6.5%	17.3%	14.0%	0.9%	0.7%	0.2%	5.4%	3.8%



RESOLUTION NO. \_\_\_\_\_

**BE IT RESOLVED BY THE BOARD OF DIRECTORS  
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

This Board accepts the monitoring report for **Strategic Direction SD-8, Employee Relations**, substantially in the form set forth in **Attachment \_\_** hereto and made a part hereof.







SSS No. PSS 25-004

# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Policy Committee Meeting Date

June 11, 2025

Board Meeting Date

June 19, 2025

TO				TO			
1.	Claire Rogers			6.			
2.	Jose Bodipo-Memba			7.			
3.	Suresh Kotha			8.			
4.	Brandy Bolden			9.	Legal		
5.	Farres Everly			10.	CEO & General Manager		
Consent Calendar		Yes	No If no, schedule a dry run presentation.	Budgeted		Yes	No (If no, explain in Cost/Budgeted section.)
FROM (IPR)		DEPARTMENT		MAIL STOP		EXT.	DATE SENT
Laurie Rodriguez		People Services & Strategies		B251		5628	05/20/25

**NARRATIVE:**

**Requested Action:** Accept the monitoring report for Strategic Direction SD-12, Ethics.

**Summary:** This presentation provides the Board with the annual monitoring of SD-12, Ethics and confirms that SMUD is maintaining the public trust and confidence in the integrity and ethical conduct of the Board and SMUD employees.

**Board Policy:** SD-12, Ethics  
(Number & Title)

**Benefits:** Provide the Directors and Executive Staff with an overview of the Board Policy and give them an opportunity to ask questions, make corrections, additions or changes, if necessary.

**Cost/Budgeted:** N/A

**Alternatives:** N/A

**Affected Parties:** All SMUD employees and Contractors

**Coordination:** People Services & Strategies

**Presenter:** Laurie Rodriguez, Director, People Services & Strategies

**Additional Links:**

SUBJECT

SD-12, Ethics Board Monitoring Report

ITEM NO. (FOR LEGAL USE ONLY)

10

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.



# SACRAMENTO MUNICIPAL UTILITY DISTRICT

## OFFICE MEMORANDUM

**TO:** Board of Directors

**DATE:** April 24, 2025

**FROM:** Claire Rogers *CR 4/24/25*

**SUBJECT: Audit Report No. 28007864  
Board Monitoring Report; SD-12, Ethics**

Internal Audit Services (IAS) received the SD-12 *Ethics* 2024 Annual Board Monitoring Report and performed the following:

- Selected a sample of statements and assertions in the report for review.
- Interviewed report contributors and verified the methodology used to prepare the statements in our sample.
- Validated the reasonableness of the statements in our sample based on the data or other support provided to us.

During the review, nothing came to IAS' attention that would suggest the items sampled within the SD Board Monitoring report did not fairly represent the source data available at the time of the review.

**CC:**

Paul Lau



# Board Monitoring Report 2024

## SD-12, Ethics



### 1. Background

Strategic Direction 12 states that:

Maintaining the public trust and confidence in the integrity and ethical conduct of the Board and SMUD employees is a core value. Therefore, to ensure the public interest is paramount in all official conduct, the Board shall adopt and update, as necessary: a Conflict of Interest Code as required by State law. SMUD shall also maintain and enforce a code of conduct applicable to all employees.

Among other things the code of conduct shall:

- a) Require high ethical standards in all aspects of official conduct;
- b) Establish clear guidelines for ethical standards and conduct by setting forth those acts that may be incompatible with the best interests of SMUD and the public;
- c) Require disclosure and reporting of potential conflicts of interest; and
- d) Provide a process for (i) reporting suspected violations of the code of conduct and policies through multiple channels, including an anonymous hotline, and (ii) investigating suspected violations.

### 2. Executive Summary

**SMUD is in compliance with the requirements of SD-12.**

Strategic Direction 12 requires SMUD to have a process to report potential conflicts of interest and a process for reporting and investigating suspected violations of the Code of Conduct. Compliance is foundational for acting in the best interests of our customers and community. Several SMUD policies and procedures support the requirement of high ethical standards in all aspects of official conduct.

SD Requirement	Supporting Process/Procedure
a) Require high ethical standards	SMUD's Ethics policy (AP 05.02.03) sets the requirements and expectations for ethical behavior, including communication, training and other resources.



b) Establish clear guidelines for ethical standards and conduct	SMUD's Code of Business Ethics and Employee Conduct were updated and approved by the CEO & General Manager in 2020. SMUD's Ethics procedure (MP 05.02.03.100) was adopted in 2008 and updated in September 2024. SMUD's Conflict of Interest policy (AP 05.02.02) was adopted in 1998 and approved by the FPPC (Fair Political Practices Commission) in 2023.
c) Require disclosure and reporting potential conflicts of interest statements	Notice of filing requirements were sent to employees as early as February and through March. 99% of the annual conflict of interest statements were received by the time this report was finalized.
d) Provide a process for reporting and investigating suspected violations of the code of ethics	SMUD's Whistleblower Anti-Retaliation policy (AP 05.01.03) was approved in 2024. SMUD's Complaint Process Policy (AP 05.01.04) was adopted in 2006 and updated in August 2022. SMUD's Ethics and Compliance Hotline has been in place since 2008.

### 3. Additional Supporting Information

#### Ethics Policy

In accordance with Board Policy SD-12 Ethics, SMUD developed the Code of Business Ethics and Employee Conduct, approved by the CEO & General Manager in 2020. This document supplements SMUD's State-law mandated Conflict of Interest Code and provides an easy-to-read explanation of SMUD's values and expectations for employee behavior. It also identifies various staff resources to obtain further guidance, as well as alternative methods to report suspected violations of SMUD's Code of Business Ethics. The Code provides a framework for how employees should act toward customers, vendors and each other. It also emphasizes that as a publicly-owned utility, SMUD and its employees must adhere to the highest ethical standards.

All new employees reporting to a SMUD campus receive a copy of SMUD's Code of Business Ethics prior to or during new employee orientation and are required to review and submit a signed acknowledgement to People, Services & Strategies (PS&S) within 30 days of orientation.



## **Ethics Training**

Ethics training is a mandatory requirement for all SMUD employees. They are required to complete the training every 2 years on a fixed rotating schedule. New and returning employees have one year for completion while newly promoted leaders are required to take Ethics training within 90 days of promotion into their role. Course completion is tracked using SMUD's Learning Management System (LMS) and reported as part of SMUD's mandatory training statistics. The 2024 completion rate for employees with 2024 due dates is 98.3%.

## **Disclosure and Reporting of Potential Conflicts of Interest**

The Political Reform Act (Cal. Gov. Code §§ 81000, et seq.) requires certain government officials and employees to publicly disclose certain financial information relevant to the scope of decision-making for their positions with SMUD.

To maintain compliance, all employees in positions designated by the SMUD Board must complete and submit an annual Statement of Economic Interests, FPPC Form 700 (Conflict of Interest Statement). Incumbents of designated positions shall file an Assuming Office Statement within 30 days of starting their employment or beginning the new position. Employees in designated positions who leave SMUD shall file Leaving Office Statements within 30 days of their final dates of employment.

The annual Conflict of Interest Statements are public documents filed with Corporate Records or in the designated record repository. This process transitioned from PS&S to Legal in 2025. Legal sent financial disclosure materials electronically to designated employees as early as February and through March to meet the FPPC filing deadline of April 1. At the time of this report, 99% percent of the annual Conflict of Interest Statements from SMUD officials and designated employees were received. Staff follows up to ensure total compliance. In the rare event that full compliance is not achieved, SMUD is obligated to report violations to the FPPC for enforcement.

## **Process for Reporting and Investigating Suspected Violations**

SMUD holds its employees to a higher standard than that required by law and is committed to providing a work environment in which all individuals are treated with dignity and respect. SMUD encourages employees to bring concerns about potential legal violations or violations of SMUD policies to the attention of a SMUD leader. All SMUD leaders are required to immediately report all complaints they receive regarding suspected policy violations to the Fair Employment Office. An employee who believes that they are unable to make a complaint through their management reporting line may report complaints directly to the Fair Employment Office, Labor Relations, Internal Auditor's or General Counsel's Office.

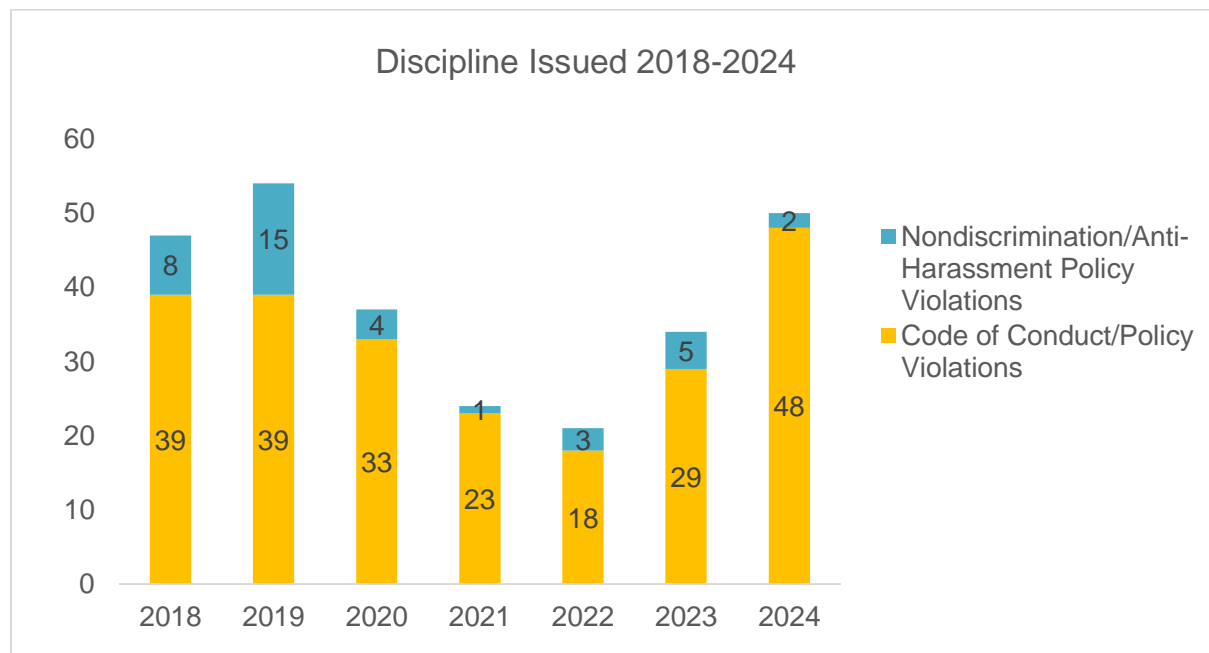
Additionally, SMUD has contracted with Navex Global Compliance since November 2008 to operate an anonymous Ethics and Compliance Hotline. This hotline can be used by employees to file complaints anonymously should they so choose, either online or by calling Navex Global Compliance directly.

As part of SMUD's Complaint Process and Whistleblower Anti-Retaliation policies, a Whistleblower Committee was established to review and act, when appropriate, on hotline/whistleblower complaints. The committee is comprised of representatives from the General Counsel's office, Internal Audit Services and PS&S, including members of the Fair Employment Office and Labor Relations teams.



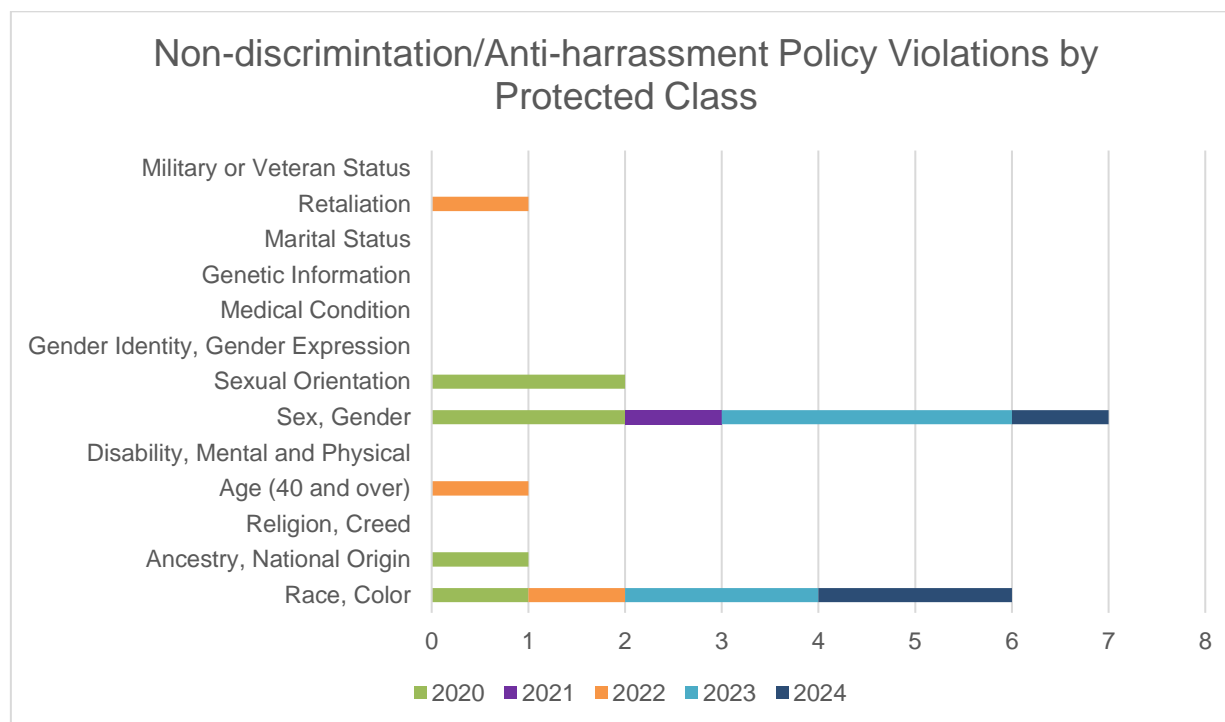
In addition to investigating potential violations of SMUD's Nondiscrimination, Anti-Harassment and Non-Retaliation Policy (AP 05.01.01) and Code of Ethics, Labor Relations and Fair Employment analysts also advise, consult with and support leaders on recommended action and coaching to address problematic behaviors and attitudes among the workforce that are not necessarily prohibited by law. This includes working with a leaders' leader or senior leadership when improved leadership skills would benefit relationships. These proactive measures play a critical role in a culture where all employees are respected and valued.

The following chart illustrates discipline issued to employees between 2020-2024. Summarized below are the disciplinary actions issued for violations of SMUD's Nondiscrimination, Anti-Harassment and Non-Retaliation Policy (AP 05.01.01) as well as discipline for misconduct/policy violations under SMUD's Positive Discipline Policy (AP 05.02.09) including dishonesty, bullying, discourteous behavior, unprofessional conduct, driving policy violations, insubordination, conflicts of interest and unethical behavior. The below reporting does *not* include discipline related to safety incidents (e.g. preventable vehicle accidents), attendance (tardiness and/or absences) or work performance unless there was a conduct component covered by SMUD's Code of Business Ethics & Employee Conduct, such as willful negligence or dishonesty.



The chart shown next indicates violations of SMUD's Nondiscrimination, Anti-Harassment and Non-Retaliation Policy (AP 05.01.01) as they relate to protected categories for FEO investigations that occurred in the past five years.





#### 4. Challenges

Completing training and obtaining necessary documents can be a challenge for employees on any type of extended leave. Broad or anonymous complaints are sometimes filed without supporting and/or contact information to allow for follow-up and further investigation.

#### 5. Recommendations

As reflected in this report, SMUD has achieved the goals set forth in SD-12 for maintaining the public trust and confidence in the integrity and ethical conduct of the Board and SMUD employees. The policies, guidelines, staff training and monitoring and reporting components have played a part in ensuring high ethical standards in all areas of conduct and in operations.

*It is recommended the Board accept the monitoring report for Strategic Direction 12.*

#### 6. Appendices

N/A



RESOLUTION NO. \_\_\_\_\_

**BE IT RESOLVED BY THE BOARD OF DIRECTORS  
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

This Board accepts the monitoring report for **Strategic Direction SD-12, Ethics**, substantially in the form set forth in **Attachment** \_\_ hereto and made a part hereof.







SSS No. SCS 25-143

# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting & Date  
Finance & Audit – 06/17/25  
Board Meeting Date  
June 19, 2025

TO				TO						
1.	Casey Fallon			6.	Jose Bodipo-Memba					
2.	Amber Connors			7.						
3.	Suresh Kotha			8.						
4.	Lora Anguay			9.	<b>Legal</b>					
5.	Scott Martin			10.	<b>CEO &amp; General Manager</b>					
<b>Consent Calendar</b>	<input checked="" type="checkbox"/>	<b>Yes</b>	<input type="checkbox"/>	<b>No</b> <i>If no, schedule a dry run presentation.</i>	<b>Budgeted</b>	<input checked="" type="checkbox"/>	<b>Yes</b>	<input type="checkbox"/>	<b>No</b> <i>(If no, explain in Cost/Budgeted section.)</i>	
FROM (IPR) Doug Moore				DEPARTMENT Procurement				MAIL STOP EA404	EXT. 7069	DATE SENT 05/23/25

**NARRATIVE:**

**Requested Action:** Approve Contract Change No. 4 to Contract No. 4500100166 with Motorola Solutions, Inc. (MSI) for Next Generation Two-Way Radio System to increase the contract not-to-exceed amount by \$5,949,221, from \$13,724,750 to \$19,673,971.

**Summary:** Sole source Contract No. 4500100166 with MSI was approved by the Board (Resolution No. 16-12-11) in December 2016 for \$7,585,160 to allow for the purchase and implementation of MSI's Next Generation Two-Way Radio System to replace the outdated analog system then in use. Contract Change 01 reduced the Award amount to reflect labor that was self-performed by SMUD. Contract Change 02 extended the contract term to reflect the actual implementation date. Contract Change 03 extended the contract term and increased the contract amount for the purchase of maintenance and SUA II (System Upgrade Agreement) from MSI. This Contract Change 04 will add scope and increase the contract amount to replace the existing analog radio system in the Upper American River Project (UARP).

Currently, the contract balance is approximately \$1,628,437.

Contract Actions	Amount	Cumulative Total	Description
Original Contract	\$7,585,160	\$7,585,160	
Change No. 01	-\$120,395	\$7,464,765	Reduce funding to reflect SMUD installation of equipment.
Change No. 02	\$0.00	\$7,464,765	Extend term to reflect implementation date.
Change No. 03	\$6,259,985	\$13,724,750	Extend term, add funding
Pending Change No. 04	\$5,949,221	\$19,673,971	Add scope and funding

**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

**Benefits:** Receiving an approximately 17.85% discount (\$1,288,755.) by buying direct from the manufacturer.

**Cost/Budgeted:** \$5,949,221; Budgeted for 2025 by Enterprise Systems, Information Technology (IT)

**Alternatives:** Posting a solicitation which has been determined to be an idle act.

**Affected Parties:** Enterprise Systems, Supply Chain Services, and Contractor

**Coordination:** Enterprise Systems and Supply Chain Services

**Presenter:** Amber Connors, Director, Customer & Grid Operations Tech Center



**Additional Links:**

SUBJECT	<b>Contract Change – Motorola Solutions, Inc.</b>	ITEM NO. (FOR LEGAL USE ONLY) <b>11</b>
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ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.



**RESOLUTION NO. \_\_\_\_\_**

**WHEREAS**, by Resolution No. 16-12-11, adopted on December 1, 2016, this Board authorized the Chief Executive Officer and General Manager to execute sole source Contract No. 4500100166 with **Motorola Solutions, Inc. (MSI)** for the Next Generation Two-Way Radio System for a contract term from December 6, 2016, through December 31, 2018, in a total contract amount not to exceed \$7,585,160; and

**WHEREAS**, Contract Change No. 1 reduced funding to the contract by \$120,395 for a total contract amount not to exceed \$7,464,765; and

**WHEREAS**, Contract Change No. 2 extended the contract expiration date from December 31, 2018, to March 31, 2019; and

**WHEREAS**, by Resolution No. 19-03-08, adopted on March 21, 2019, this Board authorized the Chief Executive Officer and General Manager to execute Contract Change No. 3 to extend the contract expiration date from March 31, 2019, to March 31, 2029, and increase the total contract amount to \$13,724,750; and

**WHEREAS**, staff recommends replacement of the existing analog radio system in the **Upper American River Project (UARP)**; and

**WHEREAS**, Contract Change No. 4 is requested to increase the contract not-to-exceed amount by \$5,949,221, from \$13,724,750 to \$19,673,971 to complete the replacement at the **UARP**; and

**WHEREAS**, it would not be productive or in the best interest of SMUD to advertise for competitive bids for the services referred to above because they can only be obtained from **MSI**; **NOW, THEREFORE**,



**BE IT RESOLVED BY THE BOARD OF DIRECTORS  
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

**Section 1.** This Board hereby authorizes the Chief Executive Officer and General Manager, or his designee, to execute Change Order No. 4 to Contract No. 4500100166 with **Motorola Solutions, Inc. (MSI)** to increase the contract not-to-exceed amount by \$5,949,221, from \$13,724,750 to \$19,673,971.

**Section 2.** The Chief Executive Officer and General Manager, or his designee, is authorized to make future changes to the terms and conditions of the contract that, in his prudent judgment: (a) further the primary purpose of the contract; (b) are intended to provide a net benefit to SMUD; and (c) do not exceed the authorized contract amount and applicable contingencies.







SSS No. SCS 25-144

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date

Finance & Audit – 06/17/25

Board Meeting Date

June 19, 2025

TO				TO						
1.	Casey Fallon			6.	Jose Bodipo-Memba					
2.	Eric Poff			7.						
3.	Frankie McDermott			8.						
4.	Lora Anguay			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)				DEPARTMENT				MAIL STOP	EXT.	DATE SENT
Jesse Mays				Procurement				EA404	5744	05/23/25

NARRATIVE:

Requested Action:

Approve Contract Change No. 1 to Contract No. 4600001985 with W.A. Chester America, LLC, to increase the contract not-to-exceed amount by \$1 million, from \$2 million to \$3 million, to repair the 115kV Station E to Station G Line 1 Underground High-Pressure Oil Filled (HPOF) cable fault.

Summary:

This contract was awarded as an Emergency Direct Procurement to W.A. CHESTER AMERICA, LLC in May 2025 after a ground fault occurred on SMUD’s 115kV Station E to Station G Line 1 underground HPOF cable in late February 2025. The original contract was awarded for the period from May 8, 2025, to May 1, 2026, for a not-to-exceed \$2 million. Under this contract, W.A. CHESTER AMERICA, LLC will furnish all supervision, labor, materials (excluding transition joint and other major cable components), equipment, and incidentals necessary to repair the 115kV high-pressure oil filled (HPOF) to cross linked polyethylene (XLPE) cable transition joint of Station E to Station G Line 1 at Station G GIS Basement, correct the alignments between the transition joint and XLPE cable rack, install new XLPE cable from transition joint to GIS terminations. W.A. CHESTER AMERICA, LLC, is one of the handful of contractors in the world that have the skillset to repair and install HPOF cable and the associated components. SMUD and W.A. CHESTER AMERICA, LLC, have started planning and scheduling the work, and this contact change more fully outlines the necessary construction work. SMUD has worked with subject matter experts to analyze the fault, order replacement parts, and schedule the repair work. SMUD is requesting approval of an additional \$1 million to cover the estimated costs to repair the 115kV Station E to Station G Line 1 Underground HPOF cable fault.

Currently, the contract balance is approximately \$2,000,000.

Contract Actions	Amount	Cumulative Total	Description
Original Contract	\$2,000,000		
Pending Change No. 01	\$1,000,000	\$3,000,000	Increase Contract Amount

Board Policy:

Board-Staff Linkage BL-8, Delegation to the CEO with Respect to Procurement

(Number & Title)

Benefits:

SMUD’s 115kV Station E to Station G Line 1 Underground HPOF cable fault is repaired and the line is energized again.

Cost/Budgeted:

\$3,000,000; Budgeted for 2025 through 2026 by Energy Delivery & Operations, Transmission & Distribution Maintenance Planning.

Alternatives:

Solicit proposals through a competitive process and perform the repairs. This option would delay the repair work and the 115kV Station E to Station G Line 1 would remain down through the summer.



**Affected Parties:** Transmission & Distribution Maintenance Planning, Supply Chain Services, and Contractor

**Coordination:** Transmission & Distribution Maintenance Planning and Supply Chain Services

**Presenter:** Eric Poff, Director, Substations, Telecommunications & Metering Assets

**Additional Links:**

SUBJECT

**Contract Change – W.A. Chester America, LLC**

ITEM NO. (FOR LEGAL USE ONLY)

**12**

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.



**RESOLUTION NO. \_\_\_\_\_**

**WHEREAS**, Contract No. 4600001985 with **W.A. Chester America, LLC (WA Chester)**, was awarded on an emergency direct procurement basis in May 2025 for the period May 8, 2025, to May 1, 2026, for a not-to-exceed amount of \$2,000,000 for all supervision, labor, materials (excluding transition joint and other major cable components), equipment, and incidentals necessary to repair the 115kV **Station E** to **Station G** Line 1 Underground high-pressure oil filled (HPOF) cable fault; and

**WHEREAS**, **WA Chester** is one of the handful of contractors in the world that has the skillset to repair and install HPOF cable and associated components; and

**WHEREAS**, the SMUD and **WA Chester** have started planning and scheduling the work; and

**WHEREAS**, SMUD has worked with subject matter experts to analyze the fault, order replacement parts, and schedule the repair work and is now ready commence the repair work; and

**WHEREAS**, increasing the contract amount will allow SMUD to move forward without delay to repair the underground cable fault and maintain system reliability; **NOW, THEREFORE**,

**BE IT RESOLVED BY THE BOARD OF DIRECTORS  
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

**Section 1.** That this Board hereby authorizes the Chief Executive Officer and General Manager, or his designee, to execute Contract Change No. 1 to Contract No. 4600001985 with **W.A. Chester America, LLC**, to increase the contract not-to-exceed amount by \$1,000,000, from \$2,000,000 to \$3,000,000, to repair the



115kV Station E to Station G Line 1 Underground High-Pressure Oil Filled (HPOF)  
cable fault.

**Section 2.** The Chief Executive Officer and General Manager, or his designee, is authorized to make future changes to the terms and conditions of the contract that, in his prudent judgment: (a) further the primary purpose of the contract; (b) are intended to provide a net benefit to SMUD; and (c) do not exceed the authorized contract amount and applicable contingencies.







SSS No. SCS 25-134

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date

Finance & Audit – 06/17/25

Board Meeting Date

June 19, 2025

TO					TO				
1.	Casey Fallon				6.				
2.	Josh Langdon				7.				
3.	Lora Anguay				8.				
4.	Scott Martin				9.	Legal			
5.	Jose Bodipo-Memba				10.	CEO & General Manager			
Consent Calendar	X	Yes	No If no, schedule a dry run presentation.		Budgeted	X	Yes	No (If no, explain in Cost/Budgeted section.)	
FROM (IPR)			DEPARTMENT			MAIL STOP		EXT.	
Doug Moore			Procurement			EA404		7069	
								DATE SENT	
								05/14/25	

NARRATIVE:

Requested Action:

Authorize the Chief Executive Officer and General Manager to negotiate and award contracts to ARB, Inc., Michels Pacific Energy, Inc., and Snelson Companies, Inc. (collectively, the “Contracts”) to provide Gas Pipeline Operations Construction Projects and Services Support for a five-year term from July 1, 2025, to July 1, 2030, for a total aggregate not-to-exceed amount of \$20 million across the three Contracts.

Summary:

Request for Proposal No. Doc4976775832 (RFP) was issued in January 2025 to solicit qualified contractors to furnish all supervision, labor, materials, equipment, and incidentals necessary to perform Gas Pipeline Operations Construction Projects and Services. A pre-proposal conference was held on February 11, 2025, of which six vendors attended. On March 5, 2025, three responsive proposals were received and evaluated in accordance with the advertised criteria. SMUD negotiated fair and reasonable pricing with all three responsive Proposers. The results of the proposal’s evaluations and award recommendations can be seen on the table below.

Recommendation:

Authorize negotiation and award to the three highest rated responsive Proposers: ARB, Inc., Michels Pacific Energy, Inc., and Snelson Companies Inc.

Proposers Notified by Procurement:

8

Proposers Downloaded:

10

Pre-Proposal Conference Attendance:

6

Proposals Received:

3

Responsive Proposals Received	P/F	10 Points SEED	50 Points Technical	40 Points Pricing	Total Score	Overall Rank	Proposal Amount	Proposed Award Amount
Michels Pacific Energy, Inc.	P	0	47.45	40.00	87.45	1	\$24,133,747.50	Aggregate amount of all Task Authorizations not to exceed \$20 million
ARB, Inc.	P	0	45.03	38.92	83.95	2	\$24,802,739.50	
Snelson Companies, Inc.	P	0	45.38	37.03	80.39	3	\$26,072,433.80	

Comments:

No Supplier Education & Economic Development (SEED) contractors participated.

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



**Benefits:** Have multiple Awards in place to add resources for the completion of Gas Pipeline Operations Projects and Services

**Cost/Budgeted:** \$20,000,000; Budgeted for 2025 - 2030 by Power Generation, Zero Carbon Energy Solutions

**Alternatives:** Perform solicitations each time projects or services are needed which could result in delayed schedules and higher costs.

**Affected Parties:** Power Generation, Supply Chain Services, and Contractors

**Coordination:** Power Generation and Supply Chain Services

**Presenter:** Josh Langdon, Director, Power Generation

**Additional Links:**

SUBJECT

**Contract Award for Gas Pipeline Operations Construction Projects  
and Services Support**

ITEM NO. (FOR LEGAL USE ONLY)

**13**

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.



**RESOLUTION NO. \_\_\_\_\_**

**WHEREAS**, in January 2025, SMUD issued Request for Proposal No. Doc4976775832 (RFP) to solicit qualified contractors to furnish all supervision, labor, materials, equipment, and incidentals necessary to perform Gas Pipeline Operations Construction Projects and Services for a five-year term; and

**WHEREAS**, 3 proposals submitted in response to the RFP were evaluated; **NOW, THEREFORE**,

**BE IT RESOLVED BY THE BOARD OF DIRECTORS  
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

**Section 1.** As a result of such examination, **ARB, Inc., Michels Pacific Energy, Inc.**, and **Snelson Companies, Inc.** are hereby determined and declared to the highest ranking proposers to provide all supervision, labor, materials, equipment, and incidentals necessary to perform Gas Pipeline Operations Construction Projects and Services for a five-year term.

**Section 2.** The Chief Executive Officer and General Manager, or his designee, is authorized, on behalf of SMUD, to negotiate and award contracts to the highest evaluated responsive proposers, **ARB, Inc., Michels Pacific Energy, Inc.**, and **Snelson Companies, Inc.** (collectively, the **Contracts**), for all supervision, labor, materials, equipment, and incidentals necessary to perform Gas Pipeline Operations Construction Projects and Services for a five-year term from July 1, 2025, to July 1, 2030, for a total aggregate not-to-exceed amount of \$20,000,000 across the three **Contracts**.

**Section 3.** The Chief Executive Officer and General Manager, or his designee, is authorized to make future changes to the terms and conditions of the



**Contracts** that, in his prudent judgment: (a) further the primary purpose of the **Contracts**; (b) is intended to provide a net benefit to SMUD; and (c) does not exceed the authorized contract amount and applicable contingencies.







SSS No. SCS 25-133

# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting & Date  
Finance & Audit – 06/17/25  
Board Meeting Date  
June 19, 2025

TO					TO				
1.	Casey Fallon				6.	Jose Bodipo-Memba			
2.	Lucas Raley				7.				
3.	Frankie McDermott				8.				
4.	Lora Anguay				9.	<b>Legal</b>			
5.	Scott Martin				10.	<b>CEO &amp; General Manager</b>			
<b>Consent Calendar</b>	<input checked="" type="checkbox"/>	<b>Yes</b>	<b>No</b> <i>If no, schedule a dry run presentation.</i>		<b>Budgeted</b>	<input checked="" type="checkbox"/>	<b>Yes</b>	<b>No</b> <i>(If no, explain in Cost/Budgeted section.)</i>	
FROM (IPR) Greg Hovious			DEPARTMENT Procurement			MAIL STOP EA404		EXT. 4860	DATE SENT 05/14/25

**NARRATIVE:**

**Requested Action:** Authorize the Chief Executive Officer and General Manager to negotiate and award contracts with WBE Traffic Control LLC, Capitol Barricade, Inc., Statewide Traffic Safety & Signs dba AWP Safety, Traffic Management LLC, RoadSafe Traffic Systems, Inc., and Greentek Services, LLC (collectively, the “Contracts”), for Traffic Control Services for a contract term of three years from July 1, 2025, to July 1, 2028, with two optional one-year extensions, for a total aggregate not-to-exceed amount of \$16 million across all the Contracts.

**Summary:** Request for Proposals No. Doc5124989046 (RFP) was issued in April 2025 to solicit qualified firms to provide traffic control services. A pre-proposal conference was held on May 1, 2025. On May 15, 2025, nine proposals were received and evaluated in accordance with the evaluation criteria advertised. Of the nine proposals received, six were responsive and three were deemed nonresponsive. All pricing from the responsive proposals has been reviewed and determined to be fair and reasonable. The result of the proposal evaluations can be found in the table below.

**Recommendation:** Authorize negotiation and award to the six Highest Evaluated Responsive Proposers: WBE Traffic Control LLC, Capitol Barricade, Inc., Statewide Traffic Safety & Signs dba AWP Safety, Traffic Management LLC, RoadSafe Traffic Systems, Inc., and Greentek Services, LLC.

Proposers Notified by Procurement: 27

Proposers Downloaded: 19

Pre-Proposal Conference Attendance: 10

Proposals Received: 9

Responsive Proposals Received	P/F	Technical Points	Price Points	Total Score	Over all Rank	Proposal Amount	Proposed Award Amount
		60	40	100			
WBE Traffic Control LLC	P	54.33	40.00	94.33	1	\$12,603,687.59	Aggregate Not-to-Exceed Amount of \$16 Million across all six Contracts
Capitol Barricade, Inc.	P	48.00	37.90	85.90	2	\$13,288,728.95	
Statewide Traffic Safety & Signs dba AWP Safety	P	45.50	35.29	80.79	3	\$14,252,299.62	
Traffic Management LLC	P	45.25	35.00	80.25	4	\$14,367,078.96	



RoadSafe Traffic Systems, Inc.	P	48.00	31.28	79.28	5	\$16,046,034.76	
Greentek Services, LLC	P	47.67	29.11	76.78	6	\$17,224,200.55	

Non-Responsive Proposals Received	Proposal Amount
AP Traffic Services Inc..	\$16,794,238.96
Road Safety Inc.	\$13,999,305.89
Taylor Made Traffic Services	\$16,097,639.21

**Comments:** All responsive Proposers will be self-performing the work, no subcontractors designated.

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

**Benefits:** Award will provide SMUD with six qualified contractors to execute traffic control services.

**Cost/Budgeted:** \$16,000,000; Budgeted for 2025 through 2030 by Grid Assets.

**Alternatives:** Negotiate current contracts with incumbent contractors for an extended term, and risk less competitive pricing.

**Affected Parties:** Grid Assets, Supply Chain Services, and Contractors

**Coordination:** Grid Assets, and Supply Chain Services

**Presenter:** Casey Fallon, Director, Procurement, Warehouse & Fleet

**Additional Links:**

SUBJECT

**Award Traffic Control Services Contracts**

ITEM NO. (FOR LEGAL USE ONLY)

**14**

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.



**RESOLUTION NO. \_\_\_\_\_**

**WHEREAS**, in April 2025, SMUD issued Request for Proposal No. Doc5124989046 (RFP) to solicit qualified contractors to provide traffic control services; and

**WHEREAS**, nine proposals submitted in response to the RFP were evaluated, of which six proposals were responsive; **NOW, THEREFORE**,

**BE IT RESOLVED BY THE BOARD OF DIRECTORS  
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

**Section 1.** As a result of such examination, **WBE Traffic Control LLC, Capitol Barricade, Inc., Statewide Traffic Safety & Signs dba AWP Safety, Traffic Management LLC, RoadSafe Traffic Systems, Inc., and Greentek Services, LLC**, are hereby determined and declared to the highest ranking proposers to provide traffic control services.

**Section 2.** The Chief Executive Officer and General Manager, or his designee, is authorized, on behalf of SMUD, to negotiate and award contracts to the highest evaluated responsive proposers, **WBE Traffic Control LLC, Capitol Barricade, Inc., Statewide Traffic Safety & Signs dba AWP Safety, Traffic Management LLC, RoadSafe Traffic Systems, Inc., and Greentek Services, LLC** (collectively, the **Contracts**), to provide traffic control services for a three-year period from July 1, 2025, to July 1, 2028, with two optional one-year extensions, for a total aggregate not-to-exceed amount of \$16,000,000 across all six **Contracts**.

**Section 3.** The Chief Executive Officer and General Manager, or his designee, is authorized to make future changes to the terms and conditions of the **Contracts** that, in his prudent judgment: (a) further the primary purpose of the



**Contracts;** (b) is intended to provide a net benefit to SMUD; and (c) does not exceed the authorized contract amount and applicable contingencies.







SSS No. SCS 25-145

# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting & Date  
Finance & Audit – 06/17/25  
Board Meeting Date  
June 19, 2025

TO				TO			
1.	Casey Fallon			6.			
2.	Scott Martin			7.			
3.	Lora Anguay			8.			
4.	Jose Bodipo-Memba			9.	<b>Legal</b>		
5.				10.	<b>CEO &amp; General Manager</b>		
<b>Consent Calendar</b>		<input checked="" type="checkbox"/>	<b>Yes</b>	<input type="checkbox"/>		<b>No</b> <i>If no, schedule a dry run presentation.</i>	
<b>Budgeted</b>		<input checked="" type="checkbox"/>	<b>Yes</b>	<input type="checkbox"/>		<b>No</b> <i>(If no, explain in Cost/Budgeted section.)</i>	
FROM (IPR) Austin Svien				DEPARTMENT Procurement (Supply Chain Services)		MAIL STOP EA404	EXT. 5159
						DATE SENT 05/23/25	

**NARRATIVE:**

**Requested Action:** Approve Contract Change No. 5 to Contract No. 4500137959 with Wood Mackenzie dba Power Advocate, Inc. for consulting services to extend the contract expiration date from March 31, 2026, to December 31, 2027, and to increase the contract amount by \$3 million, from \$4.95 million to \$7.95 million.

**Summary:** This contract was awarded as a sole source contract to Wood Mackenzie dba Power Advocate, Inc. (“Power Advocate”) in March 2023 for consulting services to support the Supply Chain team in priority areas of supply chain risk management, category sourcing opportunities, and the future of the supply chain procurement team with regard to renewable generation and distributed energy resources categories. The original contract was awarded for the period from March 6, 2023, to December 31, 2023, for a not-to-exceed value of \$1,000,000. Contract change 01 increased the contract value to \$1,500,000 and extended the term of the agreement through April 30, 2024. Contract change 02, which was approved via Board Resolution 23-10-04, increased the contract value to \$4,500,000 and extended the term through March 31, 2026. Contract change 03 amended the existing Non-Disclosure Agreement (NDA) by adding new confidential data elements to the list of protected data. Contract change 04 exercised the 10% Board contingency, adding \$450,000 to the contract value for a new not-to-exceed amount of \$4,950,000. SMUD’s Supply Chain Services department has a continued need for consulting services from Power Advocate for development, planning, and execution of contracting strategies for critical infrastructure, equipment, and services. These services are critical in helping SMUD successfully navigate challenging market conditions and support energy transition projects. Contract change 05 will increase the contract value by \$3,000,000, for a new not to exceed value of \$7,950,000, and extend the contract term through December 31, 2027. SMUD has negotiated a 4% discount on rates for Power Advocate’s professional services. The discounted rates will save SMUD approximately \$120,000 over the remaining term of the agreement, and the pricing is considered fair and reasonable.

Currently, the contract balance is approximately \$950,000.

Contract Actions	Amount	Cumulative Total	Description
Original Contract	\$1,000,000		Original contract
Change No. 01	\$500,000	\$1,500,000	Increase and extend contract
Change No. 02	\$3,000,000	\$4,500,000	Increase and extend contract
Change No. 03	\$0	\$4,500,000	Amend NDA data
Change No. 04	\$450,000	\$4,950,000	Exercise contingency
Pending Change No. 05	\$3,000,000	\$7,950,000	Increase and extend contract

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



**Benefits:** Ability to continue to engage Power Advocate in critical consulting and support services.

**Cost/Budgeted:** \$7,950,000; Budgeted for 2023-2026 by Supply Chain Services

**Alternatives:** Do not extend and increase existing contract and seek an alternate vendor who lacks the utility and SMUD-specific experience possessed by Contractor.

**Affected Parties:** Supply Chain Services and Contractor

**Coordination:** Supply Chain Services

**Presenter:** Casey Fallon, Director, Procurement, Warehouse & Fleet

**Additional Links:**

SUBJECT	<b>POWER ADVOCATE PROFESSIONAL CONSULTING SERVICES</b>	ITEM NO. (FOR LEGAL USE ONLY) <b>15</b>
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ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.



**RESOLUTION NO. \_\_\_\_\_**

**WHEREAS**, Contract No. 4500137959 with **Wood Mackenzie dba Power Advocate, Inc. (Power Advocate)** was awarded as a sole source contract for the period March 6, 2023, to December 31, 2023, for a not-to-exceed amount of \$1,000,000 for consulting services to support the Supply Chain team in three priority areas: 1) supply chain risk management, 2) category sourcing opportunities, and 3) the future of the supply chain procurement team with regard to renewable generation and distributed energy resources categories; and

**WHEREAS**, Contract Change No. 1 extended the expiration date by four months from December 31, 2023, to April 30, 2024, and increased the contract amount by \$500,000, from \$1,000,000 to \$1,500,000; and

**WHEREAS**, by Resolution No. 23-10-04, adopted on October 19, 2023, this Board approved Contract Change No. 2 to extend the contract expiration date from April 30, 2024, to March 31, 2026, and to increase the contract not-to-exceed amount by \$3,000,000, from \$1,500,000 to \$4,500,000; and

**WHEREAS**, Contract Change No. 3 amended the existing Non-Disclosure Agreement to add new confidential data elements to the list of protected data; and

**WHEREAS**, Contract Change No. 4 increased the contract not-to-exceed amount by the allowable contingency amount of \$450,000; and

**WHEREAS**, further development, planning, and execution of contracting strategies for critical infrastructure, equipment, and services are critical in helping SMUD successfully navigate challenging market conditions and support energy transition projects; and



**WHEREAS**, increasing the contract amount by \$3,000,000 and extending the expiration date to December 31, 2027, will allow SMUD to move forward with strategic planning and development efforts; and

**WHEREAS**, the pricing is considered fair and reasonable as SMUD has negotiated a 4% discount to the rates for a cost savings of approximately \$120,000 over the remaining term of the contract; and

**WHEREAS**, it would be an idle act to formally competitively bid the procurement of consulting services since **Power Advocate** is uniquely positioned to support this work in that they pair extensive knowledge of global energy markets with their unique cost and supply chain intelligence technology as a service that no other consulting firm has the depth and breadth of expertise coupled with the market intelligence and technology as a service; **NOW, THEREFORE**,

**BE IT RESOLVED BY THE BOARD OF DIRECTORS  
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

**Section 1.** That this Board hereby authorizes the Chief Executive Officer and General Manager, or his designee, to execute Contract Change No. 5 to extend the contract expiration date from March 31, 2026, to December 31, 2027, and to increase the contract not-to-exceed amount for consulting services by \$3,000,000, from \$4,950,000 to \$7,950,000, for Contract No. 4500137959 with **Wood Mackenzie dba Power Advocate, Inc.**

**Section 2.** The Chief Executive Officer and General Manager, or his designee, is authorized to make future changes to the terms and conditions of the contract that, in his prudent judgment: (a) further the primary purpose of the contract; (b)



are intended to provide a net benefit to SMUD; and (c) do not exceed the authorized contract amount and applicable contingencies.







SSS No. CFO 25-010

# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting & Date  
Finance & Audit – 06/17/25  
Board Meeting Date  
June 19, 2025

TO				TO					
1.	Jennifer Restivo			6.					
2.	Scott Martin			7.					
3.	Lora Anguay			8.					
4.	Jose Bodipo-Memba			9.	<b>Legal</b>				
5.				10.	<b>CEO &amp; General Manager</b>				
<b>Consent Calendar</b>	<input checked="" type="checkbox"/>	<b>Yes</b>	<input type="checkbox"/>	<b>No</b> <i>If no, schedule a dry run presentation.</i>	<b>Budgeted</b>	<input checked="" type="checkbox"/>	<b>Yes</b>	<input type="checkbox"/>	<b>No</b> <i>(If no, explain in Cost/Budgeted section.)</i>
FROM (IPR) Jon Anderson				DEPARTMENT Treasury & Revenue Strategy				MAIL STOP B355	EXT. 6509
								DATE SENT 05/30/25	

**NARRATIVE:**

**Requested Action:** Authorize the Chief Executive Officer and General Manager to negotiate and execute a three-year contract renewal with **Barclays Bank (Barclays)** for a **Letter of Credit (Barclays LOC)** that supports \$150 million of the outstanding **Commercial Paper Series L**, with terms substantially similar to the attached term sheet, and any documents necessary to complete the transaction.

**Summary:** SMUD currently has a \$400 million commercial paper program which provides a funding mechanism for SMUD's capital program, and a source of liquidity, without the long lead time needed for a bond issuance. The commercial paper program requires letters of credit necessary for the commercial paper program investors.

Supporting the commercial paper program is a \$150 million LOC with Barclays that will expire August 1, 2025. The remaining \$250 million is supported with a LOC from Bank of American which doesn't expire until February 1, 2027. Extending the Barclays LOC agreement will ensure SMUD's \$400 million commercial paper program is fully available without any disruptions.

**Board Policy:** Strategic Direction SD-3, Access to Credit Markets  
*(Number & Title)*

**Benefits:** The line of credit and letters of credit provide liquidity and funding to support SMUD's capital program.

**Cost/Budgeted:** Fees and expenses are estimated to be \$1.3 million over the life of the contract and is included in budget forecasts.

**Alternatives:** Issue fixed rate debt/bonds at a higher borrowing cost and with a longer lead time.

**Affected Parties:** Treasury & Revenue Strategy, Legal

**Coordination:** Treasury & Revenue Strategy, Legal

**Presenter:** Jon Anderson, Manager, Finance & Strategy and Assistant Treasurer

**Additional Links:**

SUBJECT

**Letter of Credit Extension with Barclays Bank**

ITEM NO. (FOR LEGAL USE ONLY)

**16**

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.



**FEE LETTER AMENDMENT**

June \_\_, 2025

Sacramento Municipal Utility District  
6201 S Street  
Sacramento, California 95817-1899

Ladies and Gentlemen:

Reference is hereby made to that Third Amended and Restated Fee Letter, dated as of February 1, 2022 (the “Fee Letter”), between the Sacramento Municipal Utility District (“SMUD”) and Barclays Bank PLC (the “Bank”), relating to the Amended and Restated Reimbursement Agreement, dated as of February 1, 2022, between SMUD and the Bank (the “Agreement”), and the Irrevocable Letter of Credit No. SB-04183, dated February 23, 2022 (the “Letter of Credit”), issued pursuant to the Agreement, in favor of U.S. Bank National Association, as Paying Agent depositary and issuing and paying agent, securing the Sacramento Municipal Utility District, Commercial Paper Notes, Series L (the “Notes”). Any capitalized term used herein and not defined shall have its respective meaning as set forth in the Agreement or the Fee Letter.

SMUD has requested that the Stated Expiration Date of the Letter of Credit be extended to September 1, 2028 and that certain changes be made to the Fee Letter. The Bank has agreed to the changes set forth in the Notice of Extension of Stated Expiration Date dated June \_\_, 2025 and certain changes to the Fee Letter. The undersigned, a duly authorized officer of the Bank hereby advises you that:

1. We hereby agree that,

(a) commencing on and including [August 1, 2025], the table contained in Section 1.1(ii) of the Fee Letter is hereby amended in its entirety to read as follows:

<u>“LEVEL</u>	<u>MOODY’S RATING</u>	<u>S&amp;P RATING</u>	<u>FITCH RATING</u>	<u>LETTER OF CREDIT FEE RATE</u>
Level 1	Aa3 or above	AA- or above	AA- or above	0.29%
Level 2	A1	A+	A+	0.39%
Level 3	A2	A	A	0.49%
Level 4	A3	A-	A-	0.59%
Level 5	Baa1	BBB+	BBB+	0.69%
Level 6	Baa2	BBB	BBB	0.79%
Level 7	Baa3 or below	BBB- or below	BBB- or below	0.89%”



(b) the second sentence of the paragraph after the table in clause (ii) of Section 1.1 of the Fee Letter is hereby amended to read as follows:

“In the event of a split rating (*i.e.*, one of the Rating Agencies’ Rating is different than the Rating of either of the other Rating Agencies), the Letter of Credit Fee Rate shall be based upon the Level in which the lowest Rating appears.”

(c) Section 1.5 of the Fee Letter is hereby amended in its entirety to read as follows:

*“Section 1.5 Termination Fee; Reduction Fee.* (a) SMUD hereby agrees to pay to the Bank a termination fee in connection with any termination or replacement of the Letter of Credit by SMUD prior to August 1, 2026, in an amount equal to the product of (1) the Letter of Credit Fee Rate in effect on the date of such termination or replacement, (2) the Stated Amount in effect as of the date of termination and (3) a fraction, the numerator of which is equal to the number of days from and including the date of such termination or replacement to and including August 1, 2026, and the denominator of which is 360 (the “*Termination Fee*”), payable on the date of such termination or replacement. Notwithstanding the foregoing or any provision in the Agreement to the contrary, SMUD may terminate or replace the Letter of Credit in accordance with the Note Resolution at any time without payment of the Termination Fee if such termination or replacement is as a result of (i) Moody’s having lowered the short-term debt rating of the Bank below “*P-1*” (or its equivalent), Fitch having lowered its short-term debt rating of the Bank below “*F1*” (or its equivalent) or S&P having lowered its short-term debt rating of the Bank below “*A-1*” (or its equivalent), (ii) the Bank imposing increased costs on SMUD in accordance with Section 2.14 of the Agreement, or (iii) the ability of SMUD to issue Notes being terminated or SMUD’s commercial paper program being permanently retired and so long as no portion of the source of funds for such termination of the ability of SMUD to issue Notes or the permanent retirement of the commercial paper program represents proceeds of commercial paper or similar short-term indebtedness supported by a letter of credit, liquidity facility or another form of liquidity support or credit enhancement or directly purchased by a bank or other financial institution; *provided, however*, that all amounts payable hereunder and under the Agreement shall be paid to the Bank on or prior to the date of such termination.

(b) Notwithstanding the foregoing and anything set forth herein or in the Agreement to the contrary, SMUD agrees not to permanently reduce the Stated Amount below the Stated Amount in effect as of the date hereof prior to August 1, 2026, without the payment by SMUD to the Bank of a reduction fee in connection with each and every permanent reduction of the Stated Amount in an amount equal to the product of (A) the Letter of Credit Fee Rate in effect on the date of such reduction, (B) the difference between the Stated Amount (without regard to any reduction of the Stated Amount subject to reinstatement) prior to such reduction and the Stated Amount (without regard to any reduction of the Stated Amount subject to reinstatement) after such reduction, and (C) a fraction, the numerator of which is equal to the number of days from and including the date of such reduction to and including August 1, 2026, and the denominator of which is



360 (the “*Reduction Fee*”). Notwithstanding the foregoing or any provision in the Agreement to the contrary, SMUD may reduce the Stated Amount without payment of the Reduction Fee if such reduction is a result of a permanent reduction in SMUD’s ability to issue Notes and so long as no portion of the source of funds for such reduction represents proceeds of commercial paper notes or similar short-term indebtedness supported by a letter of credit, liquidity facility or another form of liquidity support or credit enhancement or directly purchased by a bank or other financial institution.”

2. Representations. SMUD hereby represents and warrants to the Bank that:

(a) it is duly organized and validly existing under the laws of the jurisdiction of its organization or incorporation and, if relevant under such laws, is in good standing;

(b) it has the power to execute and deliver this Fee Letter Amendment and to perform its obligations under the Agreement and Fee Letter, as amended by this Fee Letter Amendment, and has taken all necessary action to authorize such execution, delivery and performance;

(c) it is entering into this Fee Letter Amendment as principal;

(d) the person signing this Fee Letter Amendment on its behalf is duly authorized to do so;

(e) it has obtained all governmental and other consents and authorizations that it is required to obtain in connection with its execution and delivery of this Fee Letter Amendment, all such consents and authorizations are in full force and effect and all conditions of any such consents and authorizations have been complied with;

(f) such execution, delivery and performance do not violate or conflict with any law applicable to it, any provision of its articles and by-laws, any order or judgment of any court or other agency of government applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets; and

(g) its obligations under the Agreement and the Fee Letter, as amended by this Fee Letter Amendment, constitute its legal, valid and binding obligations, enforceable in accordance with their respective terms (subject to applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors’ rights generally and subject, as to enforceability, to equitable principles of general application, regardless of whether enforcement is sought in a proceeding in equity or in law).

3. SMUD agrees to pay the fees of counsel for the Bank, in the amount of \$\_\_\_\_\_, incurred in connection with the preparation, negotiation, execution and delivery of this Fee Letter Amendment.

4. Except as specifically provided in paragraph (1) hereof, all of the terms and conditions of the Fee Letter are in all respects ratified and confirmed and the terms, provisions and conditions thereof are and shall remain in full force and effect. From and after the date hereof all references to the Fee Letter shall mean such letter as amended by the terms of this Fee Letter Amendment.



5. This Fee Letter Amendment is an integral part of the Agreement and the Fee Letter and shall be governed by and be subject to the terms and provisions of the Fee Letter and the Agreement, all of which are hereby incorporated by reference.



IN WITNESS WHEREOF, the undersigned, on behalf of the Bank, has executed and delivered this Fee Letter Amendment as of the \_\_\_\_ day of June, 2025.

BARCLAYS BANK PLC

By \_\_\_\_\_  
Hiran Cantu  
Authorized Signatory for and on behalf of Barclays  
Bank PLC

Accepted and agreed to as of the date  
first written above:

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By: \_\_\_\_\_  
Name:  
Title:



**RESOLUTION NO. \_\_\_\_\_**

**AUTHORIZING A LETTER OF CREDIT WITH BARCLAYS BANK PLC FOR  
COMMERCIAL PAPER NOTES, SERIES L UP TO \$150,000,000**

WHEREAS, this Board adopted Resolution No. 11-12-05 (authorizing, among other things, the issuance of SMUD's Commercial Paper Notes, Series L in two subseries (collectively, the "Series L Notes") in a principal amount not to exceed \$100,000,000 outstanding at any one time under (a) Articles 6a and 6b of Chapter 6 of the Municipal Utility District Act (California Public Utilities Code Section 12850 et seq.), (b) Chapter 7.5 of the Municipal Utility District Act (California Public Utilities Code Section 13371 et seq.) and (c) Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (California Government Code Section 53580 et seq.);

WHEREAS, this Board adopted Resolution No. 22-02-05 increasing the aggregate principal amount of the Series L Notes that may be outstanding at any one time under the Original Resolution up to \$150,000,000 and approving the Amended and Restated Reimbursement Agreement with Barclays Bank PLC to support a Letter of Credit for the Series L Notes in the amount of \$150,000,000 effective February 23, 2022 (the "**Letter of Credit**"); and

WHEREAS, the **Letter of Credit** expires August 1, 2025; and it is in SMUD's best interest to extend it for an additional three (3) years.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Sacramento Municipal Utility District, as follows:

**Section 1.** That the Chief Executive Officer and General Manager, or his designee, is authorized on behalf of SMUD to negotiate and execute an amendment to and three-year extension of the **Letter of Credit** with Barclays Bank PLC in an aggregate principal amount not to exceed \$150,000,000, and any documents necessary to complete the transaction.

**Section 2.** The Chief Executive Officer and General Manager, or his designee, is authorized to make future changes to the terms and conditions of the **Letter of Credit** that, in his prudent judgment: (a) further the primary purpose of the **Letter of Credit**; (b) are intended to provide a net benefit to SMUD; and (c) do not exceed the authorized principal amount.







SSS No. ACC 25-017

# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting & Date  
Finance & Audit – 06/17/25

Board Meeting Date  
June 19, 2025

TO				TO			
1.	Jennifer Restivo			6.	Jose Bodipo-Memba		
2.	Josh Langdon			7.			
3.	Emily Bacchini			8.			
4.	Scott Martin			9.	<b>Legal</b>		
5.	Lora Anguay			10.	<b>CEO &amp; General Manager</b>		
<b>Consent Calendar</b>	<input checked="" type="checkbox"/>	<b>Yes</b>	<b>No</b> <i>If no, schedule a dry run presentation.</i>	<b>Budgeted</b>	<input checked="" type="checkbox"/>	<b>Yes</b>	<b>No</b> <i>(If no, explain in Cost/Budgeted section.)</i>
FROM (IPR) Lisa Limcaco	DEPARTMENT Accounting			MAIL STOP B352	EXT. 7045	DATE SENT 05/28/25	

**NARRATIVE:**

**Requested Action:** Authorize the Chief Executive Officer and General Manager to negotiate and execute any and all contracts and documents necessary to effectuate the transfer to the Sacramento Municipal Utility District (SMUD) of assets and obligations of the Sacramento Municipal Utility District Financing Authority (SFA), including the Cosumnes Power Plant, the Carson Power Plant, the Procter & Gamble Power Plant, the Campbell Power Plant, and the McClellan Power Plant.

**Summary:** SMUD contracts with SFA for generation, interconnection, land leasing, and other agreements. In May 2025, SFA legally defeased the bonds for the Cosumnes Power Plant which provides them greater latitude to transfer the assets to SMUD because bond investors are no longer involved. Staff proposes transferring the plants to SMUD to recognize administrative efficiencies through consolidation of activities, primarily in the Accounting and Budget areas due to reduced financial reporting and budget activities.

**Board Policy:** Strategic Direction SD-2, Competitive Rates  
*(Number & Title)*

**Benefits:** SMUD would benefit from lower SFA administrative costs through reduced contractual payment obligations to the joint powers agency (JPA), elimination of annual audit fees required for audited SFA financial statements and elimination of a separate annual budget book for SFA.

**Cost/Budgeted:** Nominal internal administrative costs to SMUD.

**Alternatives:** Due to the contractual relationship, there are no alternatives.

**Affected Parties:** Power Generation, Accounting, Budget, Environmental & Real Estate Services, and Treasury

**Coordination:** Accounting, Treasury, Power Generation, and Legal

**Presenter:** Lisa Limcaco, Director of Accounting & Controller

**Additional Links:**

SUBJECT

SFA Transfer of Assets

ITEM NO. (FOR LEGAL USE ONLY)

17

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.



**RESOLUTION NO. \_\_\_\_\_**

**WHEREAS**, the **Sacramento Municipal Utility District Financing Authority (SFA)** is a joint powers agency formed by the Sacramento Municipal Utility District (**SMUD**) and the Modesto Irrigation District (**MID**), and which owns and operates the **Cosumnes Power Plant**, the **Carson Power Plant**, the **Procter & Gamble Power Plant**, the **Campbell Power Plant**, and the **McClellan Power Plant**; and

**WHEREAS**, **SMUD** contracts with **SFA** for generation, interconnection, land leasing, and other agreements related to the above referenced plants; and

**WHEREAS**, **SFA** will be requesting from its Commission authorization to negotiate and execute any and all contracts and documents necessary to effectuate the transfer to **SMUD** of **SFA's** assets and obligations, including but not limited to the **Cosumnes Power Plant**, **Carson Power Plant**, **Procter & Gamble Power Plant**, **Campbell Power Plant**, and **McClellan Power Plant**; and

**WHEREAS**, transferring these power generation assets will not entail a change in the operation and maintenance or the operating conditions of the assets, and will not, therefore, have the potential to cause a significant impact on the environment;

**NOW, THEREFORE,**

**BE IT RESOLVED BY THE BOARD OF DIRECTORS  
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

That this Board hereby authorizes the Chief Executive Officer and General Manager, or his designee, to negotiate and execute any and all contracts and documents necessary to effectuate the transfer to the **Sacramento Municipal Utility District (SMUD)** the assets and obligations of the **Sacramento Municipal Utility**



**District Financing Authority (SFA)**, including but not limited to the **Cosumnes Power Plant**, the **Carson Power Plant**, the **Procter & Gamble Power Plant**, the **Campbell Power Plant**, and the **McClellan Power Plant**.







SSS No.
RS25-005

# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting & Date
N/A
Board Meeting Date
June 19, 2025

TO				TO			
1.	Jennifer Restivo			6.			
2.	Rhonda Staley-Brooks			7.			
3.	Scott Martin			8.			
4.	Farres Everly			9.	Legal		
5.				10.	CEO & General Manager		

<b>Consent Calendar</b>	<input type="checkbox"/>	<b>Yes</b>	<input checked="" type="checkbox"/>	<b>No</b> <i>If no, schedule a dry run presentation.</i>	<b>Budgeted</b>	<input checked="" type="checkbox"/>	<b>Yes</b>	<input type="checkbox"/>	<b>No</b> <i>(If no, explain in Cost/Budgeted section.)</i>
FROM (IPR)				DEPARTMENT				MAIL STOP	EXT.
Alcides Hernandez				Revenue Strategy				B256	6397
									DATE SENT
									5/9/25

<b>NARRATIVE:</b>	
<p><b>Requested Action:</b></p> <p><b>Summary:</b></p> <p><b>Board Policy:</b> (Number &amp; Title)</p>	<p>Discussion and possible approval of draft rate resolutions introduced at the June 4, 2025 Board of Directors meeting to make changes to SMUD's Rates, Rules and Regulations and Open Access Transmission Tariff (OATT) proposed by the Chief Executive Officer and General Manager's Report and Recommendation on Rates and Services (Volumes 1 &amp; 2) dated March 20, 2025 and the Chief Executive Officer and General Manager's Report and Recommendation on OATT dated March 20, 2025 (Volume 1), together the "CEO &amp; GM Reports."</p> <p>Under the Municipal Utility District (MUD) Act and SMUD Ordinance No. 15-1, the Board of Directors is required to conduct a Public Hearing on the CEO &amp; GM Reports to receive and consider public comment. In addition, SMUD will introduce draft resolutions after consideration at the Public Hearing of the CEO &amp; GM Reports, public comment, alternative proposals, input from community outreach meetings, and public rate workshops.</p> <p>Resolution No. 25-03-03, dated March 20, 2025, scheduled a Public Hearing date of June 4, 2025, to consider the CEO &amp; GM Reports, which set forth in detail the proposed rate action.</p> <p>SMUD held two qualifying public workshops, two roundtables and conducted over 36 presentations to community, neighborhood and business organizations and had provided rate proposal information and collateral materials to over 1,500 additional community groups. Public notices were published on March 27, April 2 and April 8, and a press release was issued. An additional 174 local agencies were sent letters with information on the proposal. As of the date of this summary, the outreach process is still in progress and staff expects to conduct additional presentations of which 2 are confirmed.</p> <p>On June 4, 2025, the date of the Public Hearing, all interested persons were provided an opportunity to comment and submit testimony, following which draft resolutions were introduced by the Board of Directors for at least 10 calendar days' circulation for public review, input, and comment. SMUD Ordinance No. 15-1 requires that the Board of Directors make a draft rate resolution available for public comment for at least 10 calendar days.</p> <p>No material modification (i.e., modifications which make changes to customer rates or billings) to the draft rate resolutions has been made, and, accordingly, the Board will consider and potentially adopt the rate resolutions on June 19, 2025.</p> <p>Meets provisions of the Board's directive on competitive rates (SD-2 Competitive Rates), maintains low-cost access to credit markets (SD-3 Access to Credit Markets), meeting customer energy requirements (SD- 4 Reliability), promotes environmental leadership (SD-7 Environmental Leadership), and supports state renewable resource compliance and the 2030 Zero Carbon Plan (SD-9 Resource Planning).</p>



**Benefits:** Support of 2025 rate process and the above referenced strategic directives.

**Cost/Budgeted:** N/A

**Alternatives:** No action would impact ability to meet strategic directives.

**Affected Parties:** SMUD and SMUD Customers

**Coordination:** Treasury and Revenue Strategy

**Presenters:** Alcides Hernandez, Manager, Revenue Strategy

**Additional Links:**

SUBJECT

**2025 RATE PROCESS**

ITEM NO. (FOR LEGAL USE ONLY)

**18**

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.



# **DRAFT GENERAL RATE RESOLUTION**



**RESOLUTION NO. \_\_\_\_\_**

**WHEREAS**, on March 20, 2025, the Chief Executive Officer and General Manager released the “Chief Executive Officer & General Manager's Report and Recommendation on Rates and Services, *Volumes 1 and 2*” (the CEO & GM Report), which is incorporated by reference herein; and

**WHEREAS**, by Resolution 25-03-03, adopted March 20, 2025, a public hearing on the CEO & GM Report was scheduled for June 4, 2025, at 6:00 p.m.; and

**WHEREAS**, notices of the hearing were duly published in the *Sacramento Bee* on March 27, April 2 and April 8, 2025; and

**WHEREAS**, pursuant to SMUD Ordinance No. 15-1, SMUD conducted the two required public workshops on April 30, 2025, and May 13, 2025, to receive and respond to customer comments and questions; and

**WHEREAS**, in compliance with Government Code Section 54999, SMUD sent 174 written notifications by certified mail on April 23, 2025, and April 24, 2025, describing the rate proposal to local school districts, county offices of education, community college districts, California State University, the University of California, and state agencies; and

**WHEREAS**, SMUD held two qualifying public workshops, contacted over 1,500 community organizations and neighborhood associations leaders via email, letter or phone call invitations to offer an in-person presentation, sent emails to over 271,000 customers and organizations, conducted over 40 individual presentations to community neighborhood and business organizations, over 1,100 community and business



partners were provided content and were asked to share information regarding the rate proposal with their members and networks, and an additional 53 local agency elected officials were sent information packets with an offer of in-person presentations, which resulted in no meetings being held; and

**WHEREAS**, SMUD provided all customers information about the rate proposal via email, mail newsletters, and through the rate change proposal website on [www.smud.org/RateInfo](http://www.smud.org/RateInfo), which received approximately 1,570-page views; and

**WHEREAS**, SMUD received from members of the public written questions, as well as comments and alternative recommendations to the rate changes proposed; and

**WHEREAS**, the public hearing was held on June 4, 2025, and was conducted in a hybrid format; on Zoom.gov and at SMUD Headquarters. All interested persons were given an opportunity to comment and submit testimony; and

**WHEREAS**, pursuant to SMUD Ordinance No. 15-1, this resolution was introduced on June 4, 2025 by this Board to be circulated for a minimum of ten calendar days for public review, input, and comment; and

**WHEREAS**, the CEO & GM Report set forth in detail the factors necessitating the proposed rate action, including the need to meet SMUD's financial targets in years 2026 and 2027, consisting of:

- Commodity costs are increasing by \$34 million over the next two years to ensure we can meet our electricity needs at all times and meet new state Renewables Portfolio Standard (RPS) requirements. SMUD is investing in clean energy resources like more wind, solar, geothermal,



battery storage to meet updated state requirements and keep the grid reliable and safe, while also supporting our 2030 Zero Carbon Plan goals; and

- Capital spending to support and maintain reliability while meeting the demands of a growing population and evolving energy needs. Because we borrow for a portion of our capital spending, the rate impact is based on the additional interest costs of the borrowing. Borrowing helps keep rate increases lower because it spreads the cost of the capital projects over many years. These projects include \$280 million for new generation and storage projects for RPS compliance, \$251 million for substation and line capacity projects to ensure reliability, and \$90 million for the Folsom Administrative Operations Building to support the delivery of reliable service to our region; and
- Increasing wildfire mitigation costs and inflation impacts are rising \$22 million. These expenditures are aimed at preventing and mitigating wildfires, as well as addressing the increased costs of essential materials and services due to higher inflation; and

**WHEREAS**, SMUD continues to use a risk-based approach to prioritize spending while looking to find ways to offset higher costs and ensure that the required rate increases stay within general inflation; and

**WHEREAS**, SMUD continues an Operational Excellence process to identify ways to deliver significant, sustainable savings and create permanent cost reductions and operational efficiencies, such as saving \$33 million in ongoing interest



savings from refunding our bonds with lower interest rates, refunding a commodity prepayment bond and forming a captive for insurance coverage; and

**WHEREAS**, it is necessary for SMUD to increase all rate components of its retail rates by 3% for all rates except for the proposed optional residential rate effective January 1, 2026, and 3% for all rates except for the proposed optional residential rate effective January 1, 2027, to continue to meet the objectives and metrics set forth in this Board's Strategic Directions; and

**WHEREAS**, the recommendations in the CEO & GM Report include a new optional residential rate, Time-of-Day (Low Use), designed for customers with small electrical panels and low energy usage. Most customers with panel sizes less than or equal to 125 amps that use less than approximately 465 kWh on average per month, use less of the grid than other customers. The Time-of-Day (Low Use) rate, effective June 20, 2025, offers a reduced System Infrastructure Fixed Charge (SIFC) of \$17 per month with higher per kilowatt-hour energy prices to make it revenue neutral. SMUD is offering this optional rate in its ongoing commitment to offering fair and equitable rates and providing customers flexibility and choices; and

**WHEREAS**, in order to keep the SIFC at \$17, it is necessary for SMUD to increase the energy usage charges of the proposed optional residential Time-of-Day (Low Use) rate by 3.88% effective January 1, 2026, and 3.85% effective January 1, 2027, which increases revenue the equivalent of a 3% increase on all rate components, and helps us continue to meet the objectives and metrics set forth in this Board's Strategic Directions; and



**WHEREAS**, the recommendations in the CEO & GM Report include modifying Rate Schedule Distribution Wheeling Service (DWS), effective June 20, 2025, to reflect the new updated rates as determined by the Open Access Transmission Tariff (OATT) rates; and

**WHEREAS**, the recommendations in the CEO & GM Report include modifying the language in the Standby Service Charge Section of Rate Schedules AG, CI-TOD1, CI-TOD2, CI-TOD3, CI-TOD4, R, and R-TOD to make the language consistent across all tariffs; and

**WHEREAS**, the recommendations in the CEO & GM Report include adding language to Rule 6 to clarify SMUD's current practice of transferring unpaid charges to a customer's active bill before involving a collection agency; and

**WHEREAS**, the recommendations in the CEO & GM Report include updating Rule 16 to make it consistent with current business practices by clarifying both SMUD's and the customer's responsibilities regarding who installs, owns, and maintains equipment. The recommendations also include removing Section XII. Service to Annexation Customers, as it is no longer relevant; and

**WHEREAS**, the recommendations in the CEO & GM Report, on balance, meet the competitive rate targets and the rate design metrics in Strategic Direction 2 (SD-2), Competitive Rates, including:

- The Board establishes a rate target of 18 percent below Pacific Gas & Electric Company's published rates on a system average basis. In addition, the Board establishes a rate target of at least 10 percent below PG&E's published rates for each customer class;



- SMUD's rates shall be competitive with other local utilities on a system average rate basis;
- In addition, SMUD's rates shall be designed to balance and achieve the following goals:
  - Reflect the cost of energy when it is used or exported to the SMUD grid;
  - Reduce consumption during periods of high system demand;
  - Encourage energy efficiency, conservation and carbon reduction;
  - Encourage cost effective and environmentally beneficial Distributed Energy Resources (DERs) (examples of DERs include but are not limited to rooftop solar, battery storage and energy reduction applications);
  - Minimize the rate of change in the transition from one rate design to another;
  - Provide customers flexibility and choices;
  - Be as simple and easy to understand as possible;
  - Address the needs of people with low incomes and severe medical conditions; and
  - Equitably allocate costs across and within customer classes; and

**WHEREAS**, the recommendations in the CEO & GM Report will ensure SMUD meets or exceeds the financial targets in Strategic Direction 3, Access to Credit Markets, and continues to meet the metrics and targets in the other Strategic Direction



adopted by this Board, including those addressing reliability, customer relations, environmental leadership, and resource planning; and

**WHEREAS**, the recommendations to increase all rate components of SMUD retail rates 3% on January 1, 2026 and 3% on January 1, 2027 for all customer classes, except for the Time-of-Day (Low Use) rate which increases the energy usage charges by 3.88% and 3.85%, respectively, with no rate increase to the SIFC, are made to reflect SMUD's cost increases of proportionate impact on all customer classes on average and therefore does not require an examination of the allocation of costs among customer classes or of class definitions; and

**WHEREAS**, SMUD proposes a new optional Time-of-Day (Low Use) rate for customers with a panel size of 125 amps or less to reflect the fact that such customers generally use less energy and the grid than those customers with larger panels. To ensure a 3% revenue increase, the energy usage charges will increase 3.88% on January 1, 2026 and 3.85% on January 1, 2027, while the SIFC will be set at a reduced \$17 per month with no annual rate increase. The proposed rate is revenue neutral, and therefore will remain tethered to cost-of-service principles, especially the reasonable allocation among customer classes. Because the rate was designed to follow cost-of-service principles and be revenue neutral, the proposed optional Time-of-Day (Low Use) rate does not violate Proposition 26; and

**WHEREAS**, the recommendation to update the distribution wheeling service charges by voltage, which just recovers the cost of distribution wheeling service and therefore does not violate Proposition 26; and



**WHEREAS**, this Board has carefully considered the CEO & GM Report public comment, input, and alternatives from community meetings, public rate workshops, the noticed public hearing, and comments received by mail, telephone and email; and

**WHEREAS**, this Board finds that the proposed action is reasonable and in the best interests of the public and SMUD's customers; **NOW, THEREFORE**,

**BE IT RESOLVED BY THE BOARD OF DIRECTORS  
OF SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

**Section 1. RATE INCREASE FOR RESIDENTIAL RATES:**

a. Effective January 1, 2026, adopt an increase in all rate components of residential service rates by 3%, except for the proposed Time-of-Day (Low Use) rate, which will have a rate increase of 3.88% on the electricity usage charges and no rate increase on the SIFC.

b. Effective January 1, 2027, adopt an increase in all rate components of residential service rates by 3%, except for the proposed Time-of-Day (Low Use) rate, which will have a rate increase of 3.85% on the electricity usage charges and no rate increase on the SIFC.

Prices in the tariffs may reflect minor rounding differences.

Revisions described above are detailed in the attached Rates, Rules and Regulations.

**Section 2. OPTIONAL RESIDENTIAL RATE:**

a. Effective June 20, 2025, add Subsection B to Section I in Rate Schedule R-TOD as follows:

*B. Optional Time-of-Day (Low Use) Rate (rate category RTL1)*



1. The Time-of-Day (Low Use) Rate is an optional rate for residential customers that use a low amount of energy. Customers must have a panel size less than or equal to 125 amps to be eligible for this rate. This optional rate will be available as of January 1, 2026.

2. This rate has five kilowatt-hour (kWh) prices, depending on the time of day and season as shown in Section V. Billing Periods along with the holidays.

b. Effective June 20, 2025, add Subsection B to Section II of Rate Schedule R-TOD to show the following prices for the Time-of-Day (Low Use) rate, which includes a lower SIFC of \$17 per month and higher electricity usage charges.

	Effective as of May 1, 2025	Effective as of January 1, 2026	Effective as of January 1, 2027
<b>Time-of-Day (Low Use) Rate (RTL1)</b>			
<b>Non-Summer Season (October - May)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	n/a	\$17.00	\$17.00
Electricity Usage Charge			
Peak \$/kWh	n/a	\$0.2148	\$0.2231
Off-Peak \$/kWh	n/a	\$0.1654	\$0.1718
<b>Summer Season (June - September)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	n/a	\$17.00	\$17.00
Electricity Usage Charge			
Peak \$/kWh	n/a	\$0.4154	\$0.4314
Mid-Peak \$/kWh	n/a	\$0.2514	\$0.2610
Off-Peak \$/kWh	n/a	\$0.1920	\$0.1993

c. Effective June 20, 2025, modify the title of Section II, Subsection C to include rate category RTL1.

Revisions described above are detailed in the attached Rates, Rules and Regulations

### **Section 3. RATE INCREASE FOR AGRICULTURAL AND COMMERCIAL & INDUSTRIAL RATES:**

a. Effective January 1, 2026, Commercial & Industrial Time-of-Day, General Service Temperature Dependent, Agricultural Service, updated Distribution



Wheeling Services, and Combined Heat & Power Distributed Generation rates (Rate Schedules AG, CHP, CI-TOD1, CI-TOD2, CI-TOD3, and CI-TOD4, DWS and GS-TDP) shall be increased by 3% through the following components:

- Electricity Usage Charges;
- System Infrastructure Fixed Charges;
- Summer Peak Demand Charges;
- Site Infrastructure Charges;
- Maximum Demand Charges;
- Standby Service Charges;
- Power Factor and other miscellaneous charges;
- Distribution Wheeling Charges;
- Reserved Capacity Charges/Rates.

b. Effective January 1, 2027, Commercial & Industrial Time-of-Day, General Service Temperature Dependent, Agricultural Service, Distribution Wheeling Service, and Combined Heat & Power Distributed Generation rates, (Rate Schedules AG, CHP, CI-TOD1, CI-TOD2, CI-TOD3, and CI-TOD4, DWS and GS-TDP) shall be increased by 3% through the following components:

- Electricity Usage Charges;
- System Infrastructure Fixed Charges;
- Summer Peak Demand Charges;
- Site Infrastructure Charges;
- Maximum Demand Charges;
- Standby Service Charges;



- Power Factor and other miscellaneous charges;
- Distribution Wheeling Charges;
- Reserved Capacity Charges/Rates.

Prices in the tariffs may reflect minor rounding differences.

Revisions described above are detailed in the attached Rates, Rules and Regulations.

**Section 4. RATE INCREASE FOR STREET/TRAFFIC/LIGHTING**

**RATES**

a. Effective January 1, 2026, Lighting Services (Rate Schedules SLS, TSS, TC ILS and NLGT) billing components shall be increased by 3%. The rate increases do not apply to monthly leasing and maintenance charges for street lighting lamps and fixtures, which are reviewed annually.

b. Effective January 1, 2027, Lighting Services (Rate Schedules SLS, TSS, TC ILS and NLGT) billing components shall be increased by 3%. The rate increases do not apply to monthly leasing and maintenance charges for street lighting lamps and fixtures, which are reviewed annually.

The prices in the tariff may reflect minor rounding differences.

Revisions described above are detailed in the attached Rates, Rules and Regulations.

**Section 5. MODIFICATIONS TO RATE SCHEDULE DWS:**

a. Effective June 20, 2025, modify the distribution wheeling service charges by voltage to reflect the increased cost of service, as follows:

<b>kV</b>	<b>2025 \$/kilowatt-month</b>
12/21	\$15.252
69	\$3.538



Revisions described above are detailed in the attached Rates, Rules and Regulations

**Section 6. MODIFICATION TO STANDBY SERVICE CHARGE**  
**LANGUAGE**

a. Effective June 20, 2025, update Section IV, Subsection A of Rate Schedule AG as follows:

*In addition to the Standby Service Charge, SMUD will continue to bill for all applicable charges under this rate schedule. ~~These charges include System Infrastructure Fixed Charges and Site Infrastructure Charges, as well as Electricity Usage and Maximum Demand Charges for SMUD-provided power.~~*

b. Effective June 20, 2025, update Section IV, Subsection D of Rate Schedule CI-TOD1 as follows:

*In addition to the Standby Service Charge, SMUD will continue to bill for all applicable charges under this rate schedule, ~~including, but not limited to, System Infrastructure Fixed Charges, Site Infrastructure Charges, Maximum Demand Charge, Summer Peak Demand Charges and electricity usage charges for SMUD-provided power.~~*

c. Effective June 20, 2025, update Section IV, Subsection D of Rate Schedule CI-TOD2 as follows:



*In addition to the Standby Service Charge, SMUD will continue to bill for all applicable charges under this rate schedule. ~~These charges include System Infrastructure Fixed Charges, Site Infrastructure Charges, Summer Peak Demand Charges, as well as electricity usage charges for SMUD-provided power.~~*

d. Effective June 20, 2025, update Section IV, Subsection D of Rate Schedule CI-TOD3 and CI-TOD4 as follows:

*In addition to the Standby Service Charge, SMUD will continue to bill for all applicable charges under this rate schedule, ~~including, but not limited to, System Infrastructure Fixed Charges, Site Infrastructure Charges, Summer Peak Demand Charges, and electricity usage charges for SMUD-provided power.~~*

e. Effective June 20, 2025, update Section IV, Subsection E of Rate Schedule R as follows:

*In addition to the Standby **Service** Charge, SMUD will continue to bill for all applicable charges under this rate **schedule**. ~~These charges include SIFC and electricity usage charges for SMUD-provided power.~~*

f. Effective June 20, 2025, update Section IV, Subsection D of Rate Schedule R-TOD as follows:

*In addition to the Standby Service Charge, SMUD will continue to bill for all applicable charges under **this rate schedule**. ~~the selected residential~~*



~~TOD rate. These charges include System Infrastructure Fixed Charges and electricity usage charges for SMUD-provided power. All energy provided to the customer by SMUD will be billed at the applicable residential TOD rates.~~

Revisions described above are detailed in the attached Rates, Rules and Regulations.

**Section 7. MODIFICATIONS TO RULE 6:**

a. Effective June 20, 2025, modify Section V of Rule and Regulation 6 as follows:

~~V. Payment of Delinquent Bills Required Before Service Is Supplied~~

***SMUD has the right to transfer a customer's unpaid charges for electric service to an active bill prior to being assigned to a collection agency.***

*Service may be refused or discontinued pursuant to Rule and Regulation 11 until all unpaid charges for electric service to applicant at all locations have been paid or have otherwise been discharged, or have been barred by the statute of limitations, except that residential service may not be refused or discontinued because of nonpayment of bills for other classes of service or nonelectric bill amounts.*

Revisions described above are detailed in the attached Rates, Rules and Regulations.



**Section 8. MODIFICATIONS TO RULE 16:**

a. Effective June 20, 2025, modify Section VI of Rule and Regulation 16 as follows:

*VI. Service at Secondary Voltage*

*A. Overhead Service*

*In those areas where it has been determined that SMUD will continue to serve its customer's overhead distribution and where SMUD's distribution pole line is located on a street, highway, lane, alley, road, or private easement immediately contiguous to the customer's premises, SMUD will, at its expense, furnish, ~~and~~ install, **and own** a service drop from its pole line to the nearest point of attachment to the customer's building or other permanent support provided by the customer, at a point to be approved by SMUD.*

*B. Underground Service*

*In designated underground areas, SMUD will connect to underground service runs furnished, ~~and installed~~, **owned, and maintained** by the customer, at the customer's expense, at a service location specified by SMUD. Service run facilities shall include conductor to reach the service location, shall be subject to applicable City and County ordinances, and shall be subject to approval by SMUD as to design and specifications. No customer will be required to install facilities **they own and maintain***



*beyond a location in the public utility right of way adjacent to their property. Cost recovery of underground distribution facilities within a development will conform to the provisions of section IV. of this Rule and Regulation.*

b. Effective June 20, 2025, remove Section XII of Rule and Regulation

16:

~~*XII. Service to Annexation Customers*~~

~~*SMUD will maintain existing service conductor previously installed by Pacific Gas and Electric Company to commercial/industrial services until such time as the customer modifies, alters, or changes the existing electrical service equipment. It will be the customer's responsibility to provide additional duct when necessary.*~~

Revisions described above are detailed in the attached Rates, Rules and Regulations.

**Section 9.** ALTERNATIVE RECOMMENDATION 1: SMUD received a recommendation to charge residential customers for power factor to reduce cost shifting, with a power factor charge requiring better metering and leading to more equitable rates.

This Board has considered this alternative recommendation 1 and has determined not to adopt the alternative recommendation for the following reasons:

- The goal of SD-2 is to maintain competitive rates, and states SMUD's rates shall be designed to balance and achieve nine goals, including to be as simple and



easy to understand as possible. The widely accepted industry standard among electric utilities is utilizing kWh and kW as a measure of electricity sales and demand, respectively. Power factor is not typically used as a billing component for residential customers, and would be a new concept for customers to learn.

Alternative recommendation 1 is complex and would be difficult to explain to residential customers. As such, it would not meet the SD-2 principle of being as simple and easy to understand as possible.

- Our commercial rate customers are already being assessed and charged a power factor adjustment or waiver, as they have more control over their power factor. The power factor charge is not standard for residential rate customers. It would require a significant amount of customer outreach to educate residential customers on what the power factor charge is and how it is assessed.
- Residential meters primarily measure active power in kW and do not generally record reactive power, or kVar. While we are in the process of upgrading approximately 150,000 meters that will have the capability of recording reactive power, this impacts less than one quarter of our residential customers. Charging only a fraction of our customers a power factor charge would not be fair or equitable to our customers and would violate SD-2 principles. Upgrading the remaining meters to include reactive power capability would require a significant investment, potentially leading to higher rates for our customers. Balancing the benefits of this technology with its financial impact is essential to maintaining affordable service.



- A lower power factor increases the demand for grid infrastructure to meet power needs, but addressing this on an individual residential customer level is impractical due to the small load each customer contributes. Instead, we improve low power factor issues at the distribution circuit level, which is far more efficient and less expensive than at individual customer meters. Customers generally lack control over the power factor of their appliances and equipment, and imposing individual charges would not enhance energy consumption, efficiency, or the use of distributed energy resources (DERs). Furthermore, this approach would limit customer flexibility and contradict our SD-2 principle of simplicity.
- Implementing a power factor charge would require a change in bill presentment and our billing system, along with a bill impact analysis which would require significant analysis and investment, potentially leading to higher rates for our customers.

**Section 10. ALTERNATIVE RECOMMENDATION 2:** SMUD received a recommendation to improve efficiency (loading order), implement better material resource planning by replacing its resource planning system, and create a standing committee for process improvement to receive a Deming Prize Award.

This Board considered this alternative recommendation 2 and has determined it is not relevant to the 2025 CEO & GM Report.

**Section 11. ALTERNATIVE RECOMMENDATION 3:** SMUD received a recommendation to raise rates one percent (1%) instead of three percent (3%).

This Board has considered this alternative recommendation 3 and has determined not to adopt the alternative recommendation for the following reasons:



- Maintaining a strong financial plan for years 2026 and 2027, and in the future, is critical. If we did not increase rates 3% as proposed, it would result in inadequate revenues for 2026 and 2027 to meet financial obligations.
- Among other things, this would reduce the ability to meet California's Renewables Portfolio Standard requirements, and add risk to SMUD's system reliability, which are key drivers of the rate increase.
- Not increasing rates as proposed, or even postponing the implementation of the proposed rate increases, would negatively impact SMUD's financial position by reducing net income, fixed charge ratio and days cash outstanding metrics.

These financial metrics are monitored by the rating agencies. A degradation to SMUD's financial metrics could result in the rating agencies downgrading SMUD's credit rating, which would increase costs of borrowing which is needed to fund capital projects, and the increased borrowing costs would make future rate increases higher. The alternative recommendation would negatively impact future rate increases, as avoiding small rate increases now would result in a larger rate increase in the future given projections indicate that the cost of power and goods and services will be much higher than 1% for years 2026 and 2027.

This would create significant bill impacts to all customers in the future.

**Section 12. ALTERNATIVE RECOMMENDATION 4:** SMUD received a recommendation to make the Solar and Storage Rate (SSR) export compensation vary by time-of-day time periods.

This Board considered this alternative recommendation 4 and has determined it is not relevant to the 2025 CEO & GM Report.



**Section 13. MODIFICATIONS:** The Chief Executive Officer and General Manager, or his or her designee, is authorized to make non-substantive revisions to the Rates, Rules and Regulations.

**Section 14. ENVIRONMENTAL COMPLIANCE:**

1.0 Section 21080(b)(8) of the California Public Resources Code and Section 15273 of the California Environmental Quality Act (CEQA) Guidelines (California Code of Regulations, Title 14, Sections 15000, et seq.) provide that CEQA does not apply to the establishment, modification, structuring, restructuring, or approval of rates, tolls, fares, and other charges by public agencies which the public agency finds are for the purpose of:

- (1) Meeting operating expenses, including employee wage rates and fringe benefits;
- (2) Purchasing or leasing supplies, equipment, or materials;
- (3) Meeting financial reserve needs and requirements;
- (4) Obtaining funds for capital projects necessary to maintain service within existing service areas; or
- (5) Obtaining funds that are necessary to maintain such intra-city transfers as are authorized by city charter.

2.0 Section 15061(b) (3) of the CEQA Guidelines provides that where it can be said with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.



3.0 The proposed action to add an optional rate – TOD (Low Use) –, is for the purposes set forth in (1) through (4) of Section 1.0 of the Environmental Assessment. Therefore, this rate action is exempt from the requirements of CEQA.

4.0 The proposed actions to increase the residential, agricultural, commercial & industrial, and street/traffic/lighting rates, is for the purposes set forth in (1) through (4) of Section 1.0 of the Environmental Assessment. Therefore, this rate action is exempt from the requirements of CEQA.

5.0 The proposed action to modify the distribution wheeling service charges under Rate Schedule DWS, is for the purposes set forth in (1) through (4) of Section 1.0 of the Environmental Assessment. Therefore, this rate action is exempt from the requirements of CEQA.

6.0 The proposed action to modify the Standby Service Charge language, is for the purposes set forth in (1) through (4) of Section 1.0 of the Environmental Assessment. Therefore, this rate action is exempt from the requirements of CEQA.

7.0 The proposed action to modify Rule 6 regarding the recovery of unpaid charges, is for the purposes set forth in (1) through (4) of Section 1.0 of the Environmental Assessment. Therefore, this rate action is exempt from the requirements of CEQA.

8.0 The proposed action to modify Rule 16 to clarify responsibilities for certain equipment, is for the purposes set forth in (1) through (4) of Section 1.0 of the Environmental Assessment. Therefore, this rate action is exempt from the requirements of CEQA.



**Section 15.** The new and revised Rate Schedules and Rules and Regulations referenced in this Resolution are attached and incorporated herein as **Attachment \_\_\_\_**.

**Section 16.** To the extent there is a discrepancy between this Resolution and the new and revised Rate Schedules and Rules and Regulations attached hereto, the new and revised Rate Schedules and Rules and Regulations shall control.



**RESOLUTION NO. \_\_\_\_\_**

**WHEREAS**, on March 20, 2025, the Chief Executive Officer and General Manager released the “Chief Executive Officer & General Manager's Report and Recommendation on Rates and Services, *Volumes 1 and 2*” (the CEO & GM Report), which is incorporated by reference herein; and

**WHEREAS**, by Resolution 25-03-03, adopted March 20, 2025, a public hearing on the CEO & GM Report was scheduled for June 4, 2025, at 6:00 p.m.; and

**WHEREAS**, notices of the hearing were duly published in the *Sacramento Bee* on March 27, April 2 and April 8, 2025; and

**WHEREAS**, pursuant to SMUD Ordinance No. 15-1, SMUD conducted the two required public workshops on April 30, 2025, and May 13, 2025, to receive and respond to customer comments and questions; and

**WHEREAS**, in compliance with Government Code Section 54999, SMUD sent 174 written notifications by certified mail on April 23, 2025, and April 24, 2025, describing the rate proposal to local school districts, county offices of education, community college districts, California State University, the University of California, and state agencies; and

**WHEREAS**, SMUD held two qualifying public workshops, contacted over 1,500 community organizations and neighborhood associations leaders via email, letter or phone call invitations to offer an in-person presentation, sent emails to over 271,000 customers and organizations, conducted over 40 individual presentations to community neighborhood and business organizations, over 1,100 community and business



partners were provided content and were asked to share information regarding the rate proposal with their members and networks, and an additional 53 local agency elected officials were sent information packets with an offer of in-person presentations, which resulted in no meetings being held; and

**WHEREAS**, SMUD provided all customers information about the rate proposal via email, mail newsletters, and through the rate change proposal website on [www.smud.org/RateInfo](http://www.smud.org/RateInfo), which received approximately 1,570-page views; and

**WHEREAS**, SMUD received from members of the public written questions, as well as comments and alternative recommendations to the rate changes proposed; and

**WHEREAS**, the public hearing was held on June 4, 2025, and was conducted in a hybrid format; on Zoom.gov and at SMUD Headquarters. All interested persons were given an opportunity to comment and submit testimony; and

**WHEREAS**, pursuant to SMUD Ordinance No. 15-1, this resolution was introduced on June 4, 2025 by this Board to be circulated for a minimum of ten calendar days for public review, input, and comment; and

**WHEREAS**, the CEO & GM Report set forth in detail the factors necessitating the proposed rate action, including the need to meet SMUD's financial targets in years 2026 and 2027, consisting of:

- Commodity costs are increasing by \$34 million over the next two years to ensure we can meet our electricity needs at all times and meet new state Renewables Portfolio Standard (RPS) requirements. SMUD is investing in clean energy resources like more wind, solar, geothermal,



battery storage to meet updated state requirements and keep the grid reliable and safe, while also supporting our 2030 Zero Carbon Plan goals; and

- Capital spending to support and maintain reliability while meeting the demands of a growing population and evolving energy needs. Because we borrow for a portion of our capital spending, the rate impact is based on the additional interest costs of the borrowing. Borrowing helps keep rate increases lower because it spreads the cost of the capital projects over many years. These projects include \$280 million for new generation and storage projects for RPS compliance, \$251 million for substation and line capacity projects to ensure reliability, and \$90 million for the Folsom Administrative Operations Building to support the delivery of reliable service to our region; and
- Increasing wildfire mitigation costs and inflation impacts are rising \$22 million. These expenditures are aimed at preventing and mitigating wildfires, as well as addressing the increased costs of essential materials and services due to higher inflation; and

**WHEREAS**, SMUD continues to use a risk-based approach to prioritize spending while looking to find ways to offset higher costs and ensure that the required rate increases stay within general inflation; and

**WHEREAS**, SMUD continues an Operational Excellence process to identify ways to deliver significant, sustainable savings and create permanent cost reductions and operational efficiencies, such as saving \$33 million in ongoing interest



savings from refunding our bonds with lower interest rates, refunding a commodity prepayment bond and forming a captive for insurance coverage; and

**WHEREAS**, it is necessary for SMUD to increase all rate components of its retail rates by 3% for all rates except for the proposed optional residential rate effective January 1, 2026, and 3% for all rates except for the proposed optional residential rate effective January 1, 2027, to continue to meet the objectives and metrics set forth in this Board's Strategic Directions; and

**WHEREAS**, the recommendations in the CEO & GM Report include a new optional residential rate, Time-of-Day (Low Use), designed for customers with small electrical panels and low energy usage. Most customers with panel sizes less than or equal to 125 amps that use less than approximately 465 kWh on average per month, use less of the grid than other customers. The Time-of-Day (Low Use) rate, effective June 20, 2025, offers a reduced System Infrastructure Fixed Charge (SIFC) of \$17 per month with higher per kilowatt-hour energy prices to make it revenue neutral. SMUD is offering this optional rate in its ongoing commitment to offering fair and equitable rates and providing customers flexibility and choices; and

**WHEREAS**, in order to keep the SIFC at \$17, it is necessary for SMUD to increase the energy usage charges of the proposed optional residential Time-of-Day (Low Use) rate by 3.88% effective January 1, 2026, and 3.85% effective January 1, 2027, which increases revenue the equivalent of a 3% increase on all rate components, and helps us continue to meet the objectives and metrics set forth in this Board's Strategic Directions; and



**WHEREAS**, the recommendations in the CEO & GM Report include modifying Rate Schedule Distribution Wheeling Service (DWS), effective June 20, 2025, to reflect the new updated rates as determined by the Open Access Transmission Tariff (OATT) rates; and

**WHEREAS**, the recommendations in the CEO & GM Report include modifying the language in the Standby Service Charge Section of Rate Schedules AG, CI-TOD1, CI-TOD2, CI-TOD3, CI-TOD4, R, and R-TOD to make the language consistent across all tariffs; and

**WHEREAS**, the recommendations in the CEO & GM Report include adding language to Rule 6 to clarify SMUD's current practice of transferring unpaid charges to a customer's active bill before involving a collection agency; and

**WHEREAS**, the recommendations in the CEO & GM Report include updating Rule 16 to make it consistent with current business practices by clarifying both SMUD's and the customer's responsibilities regarding who installs, owns, and maintains equipment. The recommendations also include removing Section XII. Service to Annexation Customers, as it is no longer relevant; and

**WHEREAS**, the recommendations in the CEO & GM Report, on balance, meet the competitive rate targets and the rate design metrics in Strategic Direction 2 (SD-2), Competitive Rates, including:

- The Board establishes a rate target of 18 percent below Pacific Gas & Electric Company's published rates on a system average basis. In addition, the Board establishes a rate target of at least 10 percent below PG&E's published rates for each customer class;



- SMUD's rates shall be competitive with other local utilities on a system average rate basis;
- In addition, SMUD's rates shall be designed to balance and achieve the following goals:
  - Reflect the cost of energy when it is used or exported to the SMUD grid;
  - Reduce consumption during periods of high system demand;
  - Encourage energy efficiency, conservation and carbon reduction;
  - Encourage cost effective and environmentally beneficial Distributed Energy Resources (DERs) (examples of DERs include but are not limited to rooftop solar, battery storage and energy reduction applications);
  - Minimize the rate of change in the transition from one rate design to another;
  - Provide customers flexibility and choices;
  - Be as simple and easy to understand as possible;
  - Address the needs of people with low incomes and severe medical conditions; and
  - Equitably allocate costs across and within customer classes; and

**WHEREAS**, the recommendations in the CEO & GM Report will ensure SMUD meets or exceeds the financial targets in Strategic Direction 3, Access to Credit Markets, and continues to meet the metrics and targets in the other Strategic Direction



adopted by this Board, including those addressing reliability, customer relations, environmental leadership, and resource planning; and

**WHEREAS**, the recommendations to increase all rate components of SMUD retail rates 3% on January 1, 2026 and 3% on January 1, 2027 for all customer classes, except for the Time-of-Day (Low Use) rate which increases the energy usage charges by 3.88% and 3.85%, respectively, with no rate increase to the SIFC, are made to reflect SMUD's cost increases of proportionate impact on all customer classes on average and therefore does not require an examination of the allocation of costs among customer classes or of class definitions; and

**WHEREAS**, SMUD proposes a new optional Time-of-Day (Low Use) rate for customers with a panel size of 125 amps or less to reflect the fact that such customers generally use less energy and the grid than those customers with larger panels. To ensure a 3% revenue increase, the energy usage charges will increase 3.88% on January 1, 2026 and 3.85% on January 1, 2027, while the SIFC will be set at a reduced \$17 per month with no annual rate increase. The proposed rate is revenue neutral, and therefore will remain tethered to cost-of-service principles, especially the reasonable allocation among customer classes. Because the rate was designed to follow cost-of-service principles and be revenue neutral, the proposed optional Time-of-Day (Low Use) rate does not violate Proposition 26; and

**WHEREAS**, the recommendation to update the distribution wheeling service charges by voltage, which just recovers the cost of distribution wheeling service and therefore does not violate Proposition 26; and



**WHEREAS**, this Board has carefully considered the CEO & GM Report public comment, input, and alternatives from community meetings, public rate workshops, the noticed public hearing, and comments received by mail, telephone and email; and

**WHEREAS**, this Board finds that the proposed action is reasonable and in the best interests of the public and SMUD's customers; **NOW, THEREFORE**,

**BE IT RESOLVED BY THE BOARD OF DIRECTORS  
OF SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

**Section 1. RATE INCREASE FOR RESIDENTIAL RATES:**

a. Effective January 1, 2026, adopt an increase in all rate components of residential service rates by 3%, except for the proposed Time-of-Day (Low Use) rate, which will have a rate increase of 3.88% on the electricity usage charges and no rate increase on the SIFC.

b. Effective January 1, 2027, adopt an increase in all rate components of residential service rates by 3%, except for the proposed Time-of-Day (Low Use) rate, which will have a rate increase of 3.85% on the electricity usage charges and no rate increase on the SIFC.

Prices in the tariffs may reflect minor rounding differences.

Revisions described above are detailed in the attached Rates, Rules and Regulations.

**Section 2. OPTIONAL RESIDENTIAL RATE:**

a. Effective June 20, 2025, add Subsection B to Section I in Rate Schedule R-TOD as follows:

*B. Optional Time-of-Day (Low Use) Rate (rate category RTL1)*



1. The Time-of-Day (Low Use) Rate is an optional rate for residential customers that use a low amount of energy. Customers must have a panel size less than or equal to 125 amps to be eligible for this rate. This optional rate will be available as of January 1, 2026.

2. This rate has five kilowatt-hour (kWh) prices, depending on the time of day and season as shown in Section V. Billing Periods along with the holidays.

b. Effective June 20, 2025, add Subsection B to Section II of Rate Schedule R-TOD to show the following prices for the Time-of-Day (Low Use) rate, which includes a lower SIFC of \$17 per month and higher electricity usage charges.

	Effective as of May 1, 2025	Effective as of January 1, 2026	Effective as of January 1, 2027
<b>Time-of-Day (Low Use) Rate (RTL1)</b>			
<b>Non-Summer Season (October - May)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	n/a	\$17.00	\$17.00
Electricity Usage Charge			
Peak <i>\$/kWh</i>	n/a	\$0.2148	\$0.2231
Off-Peak <i>\$/kWh</i>	n/a	\$0.1654	\$0.1718
<b>Summer Season (June - September)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	n/a	\$17.00	\$17.00
Electricity Usage Charge			
Peak <i>\$/kWh</i>	n/a	\$0.4154	\$0.4314
Mid-Peak <i>\$/kWh</i>	n/a	\$0.2514	\$0.2610
Off-Peak <i>\$/kWh</i>	n/a	\$0.1920	\$0.1993

c. Effective June 20, 2025, modify the title of Section II, Subsection C to include rate category RTL1.

Revisions described above are detailed in the attached Rates, Rules and Regulations

### **Section 3. RATE INCREASE FOR AGRICULTURAL AND COMMERCIAL & INDUSTRIAL RATES:**

a. Effective January 1, 2026, Commercial & Industrial Time-of-Day, General Service Temperature Dependent, Agricultural Service, updated Distribution



Wheeling Services, and Combined Heat & Power Distributed Generation rates (Rate Schedules AG, CHP, CI-TOD1, CI-TOD2, CI-TOD3, and CI-TOD4, DWS and GS-TDP) shall be increased by 3% through the following components:

- Electricity Usage Charges;
- System Infrastructure Fixed Charges;
- Summer Peak Demand Charges;
- Site Infrastructure Charges;
- Maximum Demand Charges;
- Standby Service Charges;
- Power Factor and other miscellaneous charges;
- Distribution Wheeling Charges;
- Reserved Capacity Charges/Rates.

b. Effective January 1, 2027, Commercial & Industrial Time-of-Day, General Service Temperature Dependent, Agricultural Service, Distribution Wheeling Service, and Combined Heat & Power Distributed Generation rates, (Rate Schedules AG, CHP, CI-TOD1, CI-TOD2, CI-TOD3, and CI-TOD4, DWS and GS-TDP) shall be increased by 3% through the following components:

- Electricity Usage Charges;
- System Infrastructure Fixed Charges;
- Summer Peak Demand Charges;
- Site Infrastructure Charges;
- Maximum Demand Charges;
- Standby Service Charges;



- Power Factor and other miscellaneous charges;
- Distribution Wheeling Charges;
- Reserved Capacity Charges/Rates.

Prices in the tariffs may reflect minor rounding differences.

Revisions described above are detailed in the attached Rates, Rules and Regulations.

**Section 4. RATE INCREASE FOR STREET/TRAFFIC/LIGHTING**

**RATES**

a. Effective January 1, 2026, Lighting Services (Rate Schedules SLS, TSS, TC ILS and NLGT) billing components shall be increased by 3%. The rate increases do not apply to monthly leasing and maintenance charges for street lighting lamps and fixtures, which are reviewed annually.

b. Effective January 1, 2027, Lighting Services (Rate Schedules SLS, TSS, TC ILS and NLGT) billing components shall be increased by 3%. The rate increases do not apply to monthly leasing and maintenance charges for street lighting lamps and fixtures, which are reviewed annually.

The prices in the tariff may reflect minor rounding differences.

Revisions described above are detailed in the attached Rates, Rules and Regulations.

**Section 5. MODIFICATIONS TO RATE SCHEDULE DWS:**

a. Effective June 20, 2025, modify the distribution wheeling service charges by voltage to reflect the increased cost of service, as follows:

<b>kV</b>	<b>2025 \$/kilowatt-month</b>
12/21	\$15.252
69	\$3.538



Revisions described above are detailed in the attached Rates, Rules and Regulations

**Section 6. MODIFICATION TO STANDBY SERVICE CHARGE**  
**LANGUAGE**

a. Effective June 20, 2025, update Section IV, Subsection A of Rate Schedule AG as follows:

*In addition to the Standby Service Charge, SMUD will continue to bill for all applicable charges under this rate schedule. ~~These charges include System Infrastructure Fixed Charges and Site Infrastructure Charges, as well as Electricity Usage and Maximum Demand Charges for SMUD-provided power.~~*

b. Effective June 20, 2025, update Section IV, Subsection D of Rate Schedule CI-TOD1 as follows:

*In addition to the Standby Service Charge, SMUD will continue to bill for all applicable charges under this rate schedule, ~~including, but not limited to, System Infrastructure Fixed Charges, Site Infrastructure Charges, Maximum Demand Charge, Summer Peak Demand Charges and electricity usage charges for SMUD-provided power.~~*

c. Effective June 20, 2025, update Section IV, Subsection D of Rate Schedule CI-TOD2 as follows:



*In addition to the Standby Service Charge, SMUD will continue to bill for all applicable charges under this rate schedule. ~~These charges include System Infrastructure Fixed Charges, Site Infrastructure Charges, Summer Peak Demand Charges, as well as electricity usage charges for SMUD-provided power.~~*

d. Effective June 20, 2025, update Section IV, Subsection D of Rate Schedule CI-TOD3 and CI-TOD4 as follows:

*In addition to the Standby Service Charge, SMUD will continue to bill for all applicable charges under this rate schedule, ~~including, but not limited to, System Infrastructure Fixed Charges, Site Infrastructure Charges, Summer Peak Demand Charges, and electricity usage charges for SMUD-provided power.~~*

e. Effective June 20, 2025, update Section IV, Subsection E of Rate Schedule R as follows:

*In addition to the Standby **Service** Charge, SMUD will continue to bill for all applicable charges under this rate **schedule**. ~~These charges include SIFC and electricity usage charges for SMUD-provided power.~~*

f. Effective June 20, 2025, update Section IV, Subsection D of Rate Schedule R-TOD as follows:

*In addition to the Standby Service Charge, SMUD will continue to bill for all applicable charges under **this rate schedule**. ~~the selected residential~~*



~~TOD rate. These charges include System Infrastructure Fixed Charges and electricity usage charges for SMUD-provided power. All energy provided to the customer by SMUD will be billed at the applicable residential TOD rates.~~

Revisions described above are detailed in the attached Rates, Rules and Regulations.

**Section 7. MODIFICATIONS TO RULE 6:**

a. Effective June 20, 2025, modify Section V of Rule and Regulation 6 as follows:

~~V. Payment of Delinquent Bills Required Before Service Is Supplied~~

***SMUD has the right to transfer a customer's unpaid charges for electric service to an active bill prior to being assigned to a collection agency.***

*Service may be refused or discontinued pursuant to Rule and Regulation 11 until all unpaid charges for electric service to applicant at all locations have been paid or have otherwise been discharged, or have been barred by the statute of limitations, except that residential service may not be refused or discontinued because of nonpayment of bills for other classes of service or nonelectric bill amounts.*

Revisions described above are detailed in the attached Rates, Rules and Regulations.



**Section 8. MODIFICATIONS TO RULE 16:**

- a. Effective June 20, 2025, modify Section VI of Rule and Regulation 16 as follows:

*VI. Service at Secondary Voltage*

*A. Overhead Service*

*In those areas where it has been determined that SMUD will continue to serve its customer's overhead distribution and where SMUD's distribution pole line is located on a street, highway, lane, alley, road, or private easement immediately contiguous to the customer's premises, SMUD will, at its expense, furnish, ~~and~~ install, **and own** a service drop from its pole line to the nearest point of attachment to the customer's building or other permanent support provided by the customer, at a point to be approved by SMUD.*

*B. Underground Service*

*In designated underground areas, SMUD will connect to underground service runs furnished, ~~and installed~~, **owned, and maintained** by the customer, at the customer's expense, at a service location specified by SMUD. Service run facilities shall include conductor to reach the service location, shall be subject to applicable City and County ordinances, and shall be subject to approval by SMUD as to design and specifications. No customer will be required to install facilities **they own and maintain***



*beyond a location in the public utility right of way adjacent to their property. Cost recovery of underground distribution facilities within a development will conform to the provisions of section IV. of this Rule and Regulation.*

b. Effective June 20, 2025, remove Section XII of Rule and Regulation

16:

~~*XII. Service to Annexation Customers*~~

~~*SMUD will maintain existing service conductor previously installed by Pacific Gas and Electric Company to commercial/industrial services until such time as the customer modifies, alters, or changes the existing electrical service equipment. It will be the customer's responsibility to provide additional duct when necessary.*~~

Revisions described above are detailed in the attached Rates, Rules and Regulations.

**Section 9. ALTERNATIVE RECOMMENDATION 1:** ~~To be added.~~

SMUD received a recommendation to charge residential customers for power factor to reduce cost shifting, with a power factor charge requiring better metering and leading to more equitable rates.

This Board has considered this alternative recommendation 1 and has determined not to adopt the alternative recommendation for the following reasons:

- The goal of SD-2 is to maintain competitive rates, and states SMUD's rates shall be designed to balance and achieve nine goals, including to be as simple and



easy to understand as possible. The widely accepted industry standard among electric utilities is utilizing kWh and kW as a measure of electricity sales and demand, respectively. Power factor is not typically used as a billing component for residential customers, and would be a new concept for customers to learn. Alternative recommendation 1 is complex and would be difficult to explain to residential customers. As such, it would not meet the SD-2 principle of being as simple and easy to understand as possible.

- Our commercial rate customers are already being assessed and charged a power factor adjustment or waiver, as they have more control over their power factor. The power factor charge is not standard for residential rate customers. It would require a significant amount of customer outreach to educate residential customers on what the power factor charge is and how it is assessed.
- Residential meters primarily measure active power in kW and do not generally record reactive power, or kVar. While we are in the process of upgrading approximately 150,000 meters that will have the capability of recording reactive power, this impacts less than one quarter of our residential customers. Charging only a fraction of our customers a power factor charge would not be fair or equitable to our customers and would violate SD-2 principles. Upgrading the remaining meters to include reactive power capability would require a significant investment, potentially leading to higher rates for our customers. Balancing the benefits of this technology with its financial impact is essential to maintaining affordable service.



- A lower power factor increases the demand for grid infrastructure to meet power needs, but addressing this on an individual residential customer level is impractical due to the small load each customer contributes. Instead, we improve low power factor issues at the distribution circuit level, which is far more efficient and less expensive than at individual customer meters. Customers generally lack control over the power factor of their appliances and equipment, and imposing individual charges would not enhance energy consumption, efficiency, or the use of distributed energy resources (DERs). Furthermore, this approach would limit customer flexibility and contradict our SD-2 principle of simplicity.
- Implementing a power factor charge would require a change in bill presentment and our billing system, along with a bill impact analysis which would require significant analysis and investment, potentially leading to higher rates for our customers.

**Section 10. ALTERNATIVE RECOMMENDATION 2:** SMUD received a recommendation to improve efficiency (loading order), implement better material resource planning by replacing its resource planning system, and create a standing committee for process improvement to receive a Deming Prize Award.

This Board considered this alternative recommendation 2 and has determined it is not relevant to the 2025 CEO & GM Report.

**Section 11. ALTERNATIVE RECOMMENDATION 3:** SMUD received a recommendation to raise rates one percent (1%) instead of three percent (3%).  
This Board has considered this alternative recommendation 3 and has determined not to adopt the alternative recommendation for the following reasons:



- Maintaining a strong financial plan for years 2026 and 2027, and in the future, is critical. If we did not increase rates 3% as proposed, it would result in inadequate revenues for 2026 and 2027 to meet financial obligations.
- Among other things, this would reduce the ability to meet California's Renewables Portfolio Standard requirements, and add risk to SMUD's system reliability, which are key drivers of the rate increase.
- Not increasing rates as proposed, or even postponing the implementation of the proposed rate increases, would negatively impact SMUD's financial position by reducing net income, fixed charge ratio and days cash outstanding metrics. These financial metrics are monitored by the rating agencies. A degradation to SMUD's financial metrics could result in the rating agencies downgrading SMUD's credit rating, which would increase costs of borrowing which is needed to fund capital projects, and the increased borrowing costs would make future rate increases higher. The alternative recommendation would negatively impact future rate increases, as avoiding small rate increases now would result in a larger rate increase in the future given projections indicate that the cost of power and goods and services will be much higher than 1% for years 2026 and 2027. This would create significant bill impacts to all customers in the future.

**Section 12.** ALTERNATIVE RECOMMENDATION 4: SMUD received a recommendation to make the Solar and Storage Rate (SSR) export compensation vary by time-of-day time periods.

**Section 9.** This Board considered this alternative recommendation 4 and has determined it is not relevant to the 2025 CEO & GM Report.



~~Section 10.~~Section 13. MODIFICATIONS: The Chief Executive Officer and General Manager, or his or her designee, is authorized to make non-substantive revisions to the Rates, Rules and Regulations.

~~Section 11.~~Section 14. ENVIRONMENTAL COMPLIANCE:

1.0 Section 21080(b)(8) of the California Public Resources Code and Section 15273 of the California Environmental Quality Act (CEQA) Guidelines (California Code of Regulations, Title 14, Sections 15000, et seq.) provide that CEQA does not apply to the establishment, modification, structuring, restructuring, or approval of rates, tolls, fares, and other charges by public agencies which the public agency finds are for the purpose of:

- (1) Meeting operating expenses, including employee wage rates and fringe benefits;
- (2) Purchasing or leasing supplies, equipment, or materials;
- (3) Meeting financial reserve needs and requirements;
- (4) Obtaining funds for capital projects necessary to maintain service within existing service areas; or
- (5) Obtaining funds that are necessary to maintain such intra-city transfers as are authorized by city charter.

2.0 Section 15061(b) (3) of the CEQA Guidelines provides that where it can be said with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.



3.0 The proposed action to add an optional rate – TOD (Low Use) –, is for the purposes set forth in (1) through (4) of Section 1.0 of the Environmental Assessment. Therefore, this rate action is exempt from the requirements of CEQA.

4.0 The proposed actions to increase the residential, agricultural, commercial & industrial, and street/traffic/lighting rates, is for the purposes set forth in (1) through (4) of Section 1.0 of the Environmental Assessment. Therefore, this rate action is exempt from the requirements of CEQA.

5.0 The proposed action to modify the distribution wheeling service charges under Rate Schedule DWS, is for the purposes set forth in (1) through (4) of Section 1.0 of the Environmental Assessment. Therefore, this rate action is exempt from the requirements of CEQA.

6.0 The proposed action to modify the Standby Service Charge language, is for the purposes set forth in (1) through (4) of Section 1.0 of the Environmental Assessment. Therefore, this rate action is exempt from the requirements of CEQA.

7.0 The proposed action to modify Rule 6 regarding the recovery of unpaid charges, is for the purposes set forth in (1) through (4) of Section 1.0 of the Environmental Assessment. Therefore, this rate action is exempt from the requirements of CEQA.

8.0 The proposed action to modify Rule 16 to clarify responsibilities for certain equipment, is for the purposes set forth in (1) through (4) of Section 1.0 of the Environmental Assessment. Therefore, this rate action is exempt from the requirements of CEQA.



~~Section 12.~~Section 15. The new and revised Rate Schedules and Rules and Regulations referenced in this Resolution are attached and incorporated herein as **Attachment \_\_\_\_\_**.

~~Section 13.~~Section 16. To the extent there is a discrepancy between this Resolution and the new and revised Rate Schedules and Rules and Regulations attached hereto, the new and revised Rate Schedules and Rules and Regulations shall control.



The following listed sheets contain all effective rates, rules and regulations affecting rates and service, and information relating thereto, in effect on and after the date indicated. All rates are applicable to the territory served by SMUD.

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# Preliminary Statement

## **Territory Served by SMUD**

SMUD supplies electric service in most of Sacramento County and in a portion of Placer County.

## **Description of Service**

A description of service available is contained in SMUD's Rule and Regulation 2.

The service available at any particular location should be ascertained by inquiry at SMUD's Customer Services Department office at 6301 S Street, Sacramento.

## **Procedure to Obtain Service**

Any person or corporation whose premises are within the outer boundaries of SMUD may obtain service by applying for service at the Customer Services Department office establishing credit as hereinafter set forth and complying with SMUD's rules and regulations. Where an extension of SMUD's lines is necessary or whenever unusual service requirements are determined, applicant will be informed as to the conditions under which service will be supplied.

## **Establishment of Credit and Deposits**

After making proper application for electric service, it will be necessary for applicant to establish their credit in accordance with Rule and Regulation 6.

## **General**

### **1. MEASUREMENT OF ELECTRIC ENERGY**

All electric energy supplied by SMUD to its customers shall be measured by means of suitable standard electric meters, except as otherwise specifically provided in SMUD's Rules and Regulations.

### **2. DISCOUNTS**

All rates hereinafter listed are net rates and are not subject to discount unless specifically stated in the Rates.



# Agricultural Service Rate Schedule AG

## I. Applicability

This Rate Schedule AG applies to single- or three-phase nonresidential agricultural service, delivered at standard voltages designated by SMUD as available at the customer's premises. The electricity must be for pumping loads where a preponderance of the load is devoted to agricultural purposes such as farm lighting, feed choppers, milking machines, heating for incubators, brooders, and other farm uses; drainage pumping loads where a preponderance of the area drained is agricultural; and irrigation pumping loads for nonagricultural purposes where the entire loads, except for minor incidental uses, are devoted to such pumping.

This schedule is mandatory for agricultural accounts with monthly maximum demand that does not exceed 499 kW for three or more consecutive months. The demand for any month will be the maximum 15-minute kW delivery during the month.

For the purposes of this schedule a "month" is considered to be a single billing period of 27 to 34 days.

## II. Firm Service Rate

### A. Small Agricultural Service, Nondemand Rates – ASN

This rate applies to agricultural accounts having a monthly maximum demand of 30 kW or less. If the account does not have a meter that registers demand, and monthly usage is at least 12,000 kWh for three consecutive months, a demand meter will be installed. Whenever monthly maximum demand exceeds 30 kW for three consecutive months, the customer will be billed on the applicable demand rate. To return to the nondemand rate, the account's monthly maximum demand must fall below 31 kW and usage must be below 12,000 kWh for 12 consecutive months.

	Effective as of May 1, 2025	Effective as of January 1, 2026	Effective as of January 1, 2027
<b>ASN</b>			
<b>Winter Season</b> (November - April)			
System Infrastructure Fixed Charge <i>per month per meter</i>	\$14.30	\$14.75	\$15.20
Electricity Usage Charge			
All day <i>\$/kWh</i>	\$0.1592	\$0.1640	\$0.1689
<b>Summer Season</b> (May - October)			
System Infrastructure Fixed Charge <i>per month per meter</i>	\$14.30	\$14.75	\$15.20
Electricity Usage Charge			
All day <i>\$/kWh</i>	\$0.1743	\$0.1795	\$0.1849



# Agricultural Service Rate Schedule AG

## B. Large Agricultural Service, Demand Rates – ASD

This rate applies to agricultural accounts having a monthly maximum demand greater than 30 kW but less than 499 kW for three consecutive months. The demand for any month will be the maximum 15-minute kW delivery during the month. The customer will be billed on the demand-metered rate until the demand falls below 31 kW and energy is less than 12,000 kWh for 12 consecutive months before being returned to the ASN Rate.

	Effective as of May 1, 2025	Effective as of January 1, 2026	Effective as of January 1, 2027
<b>ASD</b>			
<b>Winter Season</b> (November - April)			
<b>System Infrastructure Fixed Charge</b> <i>per month per meter</i>	\$33.20	\$34.20	\$35.20
<b>Site Infrastructure Charge</b> <i>per 12 months max kW or contract capacity</i>			
First 30kW	No Charge	No Charge	No Charge
Additional kW per month	\$3.289	\$3.388	\$3.489
<b>Electricity Usage Charge</b>			
Base Usage <i>8,750 kWh per month</i>	\$0.1761	\$0.1814	\$0.1868
Base Usage Plus <i>kWh over 8,750 per month</i>	\$0.1382	\$0.1424	\$0.1467
<b>Summer Season</b> (May - October)			
<b>System Infrastructure Fixed Charge</b> <i>per month per meter</i>	\$33.20	\$34.20	\$35.20
<b>Site Infrastructure Charge</b> <i>per 12 months max kW or contract capacity</i>			
First 30kW	No Charge	No Charge	No Charge
Additional kW per month	\$3.289	\$3.388	\$3.489
<b>Electricity Usage Charge</b>			
Base Usage <i>8,750 kWh per month</i>	\$0.1688	\$0.1738	\$0.1790
Base Usage Plus <i>kWh over 8,750 per month</i>	\$0.1221	\$0.1258	\$0.1296

## C. Small Agricultural Optional Time-of-Day – AON

This optional rate is for small agricultural accounts having a monthly maximum demand of 30 kW or less. Customers transferring to the small agricultural Time-of-Day Rate must remain on the rate for a minimum of four months. Customers electing to move off this optional rate cannot return to service under this schedule for 12 months.

	Effective as of May 1, 2025	Effective as of January 1, 2026	Effective as of January 1, 2027
<b>AON</b>			
<b>Winter Season</b> (November - April)			
<b>System Infrastructure Fixed Charge</b> <i>per month per meter</i>	\$19.25	\$19.85	\$20.45
<b>Electricity Usage Charge</b>			
On-peak <i>\$/kWh</i>	\$0.1829	\$0.1884	\$0.1940
Off-peak <i>\$/kWh</i>	\$0.1560	\$0.1607	\$0.1655
<b>Summer Season</b> (May - October)			
<b>System Infrastructure Fixed Charge</b> <i>per month per meter</i>	\$19.25	\$19.85	\$20.45
<b>Electricity Usage Charge</b>			
On-peak <i>\$/kWh</i>	\$0.2652	\$0.2732	\$0.2814
Off-peak <i>\$/kWh</i>	\$0.1425	\$0.1468	\$0.1512



# Agricultural Service Rate Schedule AG

## D. Large Agricultural Optional Time-of-Day – AOD

This optional rate is for large agricultural accounts with demand greater than 30 kW and less than 499 kW. Customers transferring to the agricultural Time-of-Day Rate must remain on the rate for a minimum of four months. Customers electing to move off this optional rate cannot return to service under this schedule for 12 months.

	Effective as of May 1, 2025	Effective as of January 1, 2026	Effective as of January 1, 2027
<b>AOD</b>			
<b>Winter Season (November - April)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	\$115.70	\$119.15	\$122.75
Maximum Demand Charge <i>\$ per monthly max kW</i>	\$3.277	\$3.375	\$3.477
<b>Electricity Usage Charge</b>			
On-peak <i>\$/kWh</i>	\$0.1821	\$0.1876	\$0.1932
Off-peak <i>\$/kWh</i>	\$0.1547	\$0.1593	\$0.1641
<b>Summer Season (May - October)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	\$115.70	\$119.15	\$122.75
Maximum Demand Charge <i>\$ per monthly max kW</i>	\$4.581	\$4.718	\$4.860
<b>Electricity Usage Charge</b>			
On-peak <i>\$/kWh</i>	\$0.2818	\$0.2903	\$0.2990
Off-peak <i>\$/kWh</i>	\$0.1502	\$0.1547	\$0.1593

## III. Electricity Usage Surcharges

Refer to the following rate schedules for details on these surcharges:

A. **Hydro Generation Adjustment (HGA).** Refer to Rate Schedule HGA.

## IV. Rate Option Menu

### A. Standby Service Option

Standby Service applies when all of the following conditions are met:

1. The customer has generation, sited on the customer's premises, that serves all or part of the customer's load; and
2. The generator(s) are connected to SMUD's electrical system; and
3. SMUD is required to have resources available to provide supplemental service, backup electricity and/or to supply electricity during generator(s) maintenance service.

Standby Service Charge by Voltage Level (\$/kW of Contract Capacity per month)	Secondary	Primary	Subtransmission
Effective May 1, 2025	\$8.597	\$6.832	\$3.451
Effective January 1, 2026	\$8.855	\$7.037	\$3.555
Effective January 1, 2027	\$9.121	\$7.248	\$3.661

In addition to the Standby Service Charge, SMUD will continue to bill for all applicable charges under this rate schedule.

The Standby Service Charge will be waived only for qualifying renewable generation under Rate Schedules NEM1 and SSR. The Standby Service Charge applies to customers who install, interconnect, and operate their own electrical generation facility and equipment to self-supply all their own power needs as a microgrid service, where SMUD provides only backup electricity.



## Agricultural Service Rate Schedule AG

**B. Customer Energy Generation Options.** Refer to Rate Schedules NEM1 and SSR.

**C. SMUD Renewable Energy Option**

SMUD offers optional programs that allow customers to receive renewable energy for an additional charge, detailed on [www.smud.org](http://www.smud.org).

**D. Special Metering Charge**

For customers who purchase and install additional equipment and software identified by SMUD meter specialists as necessary for load data collection and transfer to electronic media outside SMUD, SMUD will charge a monthly service fee to cover maintenance, software support and licensing fees. Payment for this nonstandard equipment and service will be made through provisions in Rule and Regulation 2, Section IV. Special Facilities. The fee schedule is available at SMUD's website, [www.smud.org](http://www.smud.org).

### **V. Conditions of Service**

**A. Type of Electric Service**

SMUD will provide customers on this rate schedule standard, firm service consisting of a continuous and sufficient supply of electricity.

**B. Distribution Service Voltage Definition**

The following defines the three voltage classes available. The rate shall be determined by the voltage level at which service is taken according to the following:

*1. Secondary Service Voltage*

This service class provides power at voltage levels below 12 kilo-Volts (kV), or at a level not otherwise defined as "Primary" or "Subtransmission."

*2. Primary Service Voltage*

This service class provides power at a voltage level of 12 kV or 21 kV. To be eligible for Primary Service Voltage, the customer's monthly demand must exceed 299 kW, the voltage must be available in the area being served, and SMUD must approve the arrangement for power provision.

*3. Subtransmission Service Voltage*

This subtransmission service class provides power at a voltage level of 69 kV or as otherwise defined by SMUD. To be eligible for voltage service at this level, the customer's monthly demand must exceed 499 kW, the voltage must be available in the area being served, and SMUD must approve the arrangement for power provision.



# Agricultural Service Rate Schedule AG

## C. Power Factor Adjustment

### 1. Adjustment (charge per month varies)

Accounts on a demand rate may be subject to a power factor (PF) adjustment charge. When a customer's monthly power factor falls below 95 percent leading or lagging, the following billing adjustment will apply:

$$\text{Electricity Usage} \times [ (95\% \div \text{Power Factor}) - 1 ] \times \text{Power Factor Adjustment Rate}$$

*Electricity Usage: the total monthly kWh for the account*

*Power Factor: the lesser of the customer's monthly power factor or 95 percent*

*Power Factor Adjustment Rate per excess KVAR*

Effective May 1, 2025	\$0.0142
Effective January 1, 2026	\$0.0146
Effective January 1, 2027	\$0.0151

### 2. Waiver Contract (charge per month is set for the term of the waiver)

Customers may apply for a power factor waiver contract that compensates SMUD for the power factor correction for the portion that is covered under the contract. The power factor waiver is not available to customers taking service at the subtransmission service voltage level. The waiver amount per month is calculated:

$$\text{Excess KVAR} \times \text{Waiver Rate}$$

*Excess KVAR: Maximum 12-month KVAR in excess of 32.868 percent of kW*

*Waiver Rate per excess KVAR*

Effective May 1, 2025	\$0.3759
Effective January 1, 2026	\$0.3872
Effective January 1, 2027	\$0.3988

## VI. Billing Periods

### A. Time-of-Day Billing Periods

Winter season is from November 1 through April 30. Summer season is from May 1 through October 31.

<b>Winter On-Peak</b>	Weekdays between 7:00 a.m. and 10:00 a.m. and 5:00 p.m. and 8:00 p.m.
<b>Summer On-Peak</b>	Weekdays between 2:00 p.m. and 8:00 p.m.
<b>Off-Peak</b>	All other hours, including holidays shown below.



# Agricultural Service Rate Schedule AG

Off-peak pricing shall apply during the following holidays:

<u>Holiday</u>	<u>Month</u>	<u>Date</u>
New Year's Day	January	1
Martin Luther King Jr. Day	January	Third Monday
Presidents Day	February	Third Monday
Memorial Day	May	Last Monday
Juneteenth National Independence Day	June	19
Independence Day	July	4
Labor Day	September	First Monday
Indigenous Peoples' Day/Columbus Day	October	Second Monday
Veterans Day	November	11
Thanksgiving Day	November	Fourth Thursday
Christmas Day	December	25

## VII. Billing

### A. Meter Data

Meter data for service rendered in accordance with this rate will not be combined for billing purposes unless SMUD determines it is necessary or convenient to do so.

### B. Proration of Charges

Charges are prorated when the billing period is less than 27 days, more than 34 days or spans more than one price. The Electricity Usage allowances, System Infrastructure Fixed Charge, Maximum Demand Charge and Site Infrastructure Charge will be prorated as shown in the following table.

Billing Circumstance	Basis for Proration
Bill period is shorter than 27 days	Relationship between the length of the billing period and 30 days.
Bill period is longer than 34 days	
Price changes within bill period	Relationship between the length of the billing period and the number of days that fall within the respective pricing periods.

### C. Contract Capacity

Use of Contract Capacity for billing is at SMUD's sole discretion. Refer to Rule and Regulation 1 and Rule and Regulation 6.

### D. Discontinuance of Service

Any customer resuming service at the same premises within 12 months after discontinuing service will be required to pay the System Infrastructure Fixed Charges and Site Infrastructure Charges that would have been billed if service had not been discontinued, except when service has been disconnected. The System Infrastructure Fixed Charge and Site Infrastructure Charge will be waived during each of those months. Retroactive billing shall be at SMUD's sole discretion.

(End)



# Combined Heat and Power (CHP) Distributed Generation Rate Schedule CHP

## I. Applicability

This Rate Schedule CHP is optional for customers who wish to sell all excess generation to SMUD from an eligible Combined Heat and Power (CHP) generation facility with a capacity of 3 MW or less operating in parallel with SMUD's distribution system, or with a capacity of 20 MW or less operating in parallel with SMUD's subtransmission system. The facility must continuously meet the qualifications in Section IV General Conditions. This schedule applies solely to the excess generation delivered to SMUD.

## II. Pricing Structure

Under this schedule, SMUD will pay the customer the applicable price for metered energy delivered by the eligible CHP facility during the time periods specified in this schedule.

### A. Excess Generation Prices

The CHP excess generation prices will be posted at SMUD's website, [www.smud.org](http://www.smud.org). Prices will be differentiated by delivery voltage, season and time-of-day. CHP excess generation prices will be reset each January 1 and apply for that calendar year to all CHP excess generation delivered to SMUD, regardless of the date of the CHP commissioning and interconnection to SMUD's system, or the effective date of the Power Purchase Agreement (PPA) and Interconnection Agreement.

The CHP excess generation prices reflect SMUD's underlying avoided costs for procurement and delivery of comparable power during the specified terms and time periods. The avoided cost is made up of the following components:

- Market Energy Price
- Losses by voltage level
- Transmission and Distribution

SMUD will typically pay for CHP excess generation based on the voltage at the point of delivery to the SMUD system. However, to the extent that SMUD must step up the excess generation to a higher voltage level in order to serve its customers, the pricing for the excess CHP generation will be based on the higher voltage level.

### B. Time-of-Delivery Periods

Season	Months	Super Peak	On Peak	Off Peak
Summer	June - Sept	2:00 to 8:00 p.m. Mon – Sat except holidays	6:00 a.m. to 2:00 p.m. & 8:00 p.m. to 10:00 p.m. Mon - Sat except holidays	All other hours
Fall & Winter	Oct - Feb			
Spring	Mar - May			

Off-peak pricing shall apply during the following holidays:

Holiday	Month	Date
New Year's Day	January	1
Memorial Day	May	Last Monday
Independence Day	July	4
Labor Day	September	First Monday
Thanksgiving Day	November	Fourth Thursday
Christmas Day	December	25



# Combined Heat and Power (CHP) Distributed Generation Rate Schedule CHP

## III. Charges

### A. Reserved Capacity Charge

The customer shall pay a monthly Reserved Capacity Charge to compensate SMUD for standing ready to supply supplemental service, backup electricity, and other services/electricity during interruptions in the CHP facility's operation. The Reserved Capacity Charge is based on the greater of the following:

- The customer's Maximum Anticipated Demand or actual monthly demand, if higher, multiplied by the Reserved Capacity Rate per kW shown below; or
- The Generator Installed Capacity of the CHP facility multiplied by the Reserved Capacity Rate per kW shown below.

Reserved Capacity Rate <i>per kW</i>	Secondary	Primary	Subtransmission
Effective May 1, 2025	\$8.274	\$8.274	\$7.951
Effective January 1, 2026	\$8.522	\$8.522	\$8.190
Effective January 1, 2027	\$8.778	\$8.778	\$8.435

#### 1. Maximum Anticipated Demand

The initial maximum anticipated demand will be the customer's maximum monthly demand in the prior 18 months at the time the PPA is executed.

#### 2. Generator Installed Capacity

The Generator Installed Capacity of the facility will be set forth in the PPA.

#### 3. Reset of Reserved Capacity Basis

If, at any time, the customer's actual monthly demand exceeds the Generator Installed Capacity of the CHP facility, the demand used to calculate the Reserved Capacity Charge will be reset to use the newly established demand as the basis for the charge.

### B. Data Communications Charges

The customer shall be responsible for procuring and maintaining any communication link required by SMUD for retrieving meter data. Ongoing data communication charges paid by SMUD on behalf of the customer will be passed through to the customer and will appear on the customer's monthly SMUD bill.

### C. Other Charges

SMUD will continue to bill for all appropriate charges under the applicable rate schedule for SMUD supplied power to the customer. These charges include without limitation System Infrastructure Fixed Charge, Electricity Usage charges, surcharges, and taxes. Site Infrastructure Charges and Summer Peak Demand Charges are applicable if the sum of these two charges is greater than the Reserved Capacity Charge. Each month, the Reserved Capacity Charge will be compared to the sum of the Site Infrastructure Charge plus any Summer Peak Demand Charge. On the monthly bill, the customer will be charged the greater of the two calculations, but not both. The monthly bill will also include applicable metering and data communications charges.



# Combined Heat and Power (CHP) Distributed Generation Rate Schedule CHP

## IV. Conditions of Service

### A. Eligible CHP Facility

To be eligible for this schedule, the CHP facility shall maintain without interruption certification by the California Energy Commission (CEC) as outlined in the CEC's "Guidelines for Certification of Combined Heat and Power Systems Pursuant to the Waste Heat and Carbon Emissions Reduction Act - Public Utilities Code, Section 2840 *Et Seq.*" CHP systems placed into operation before January 1, 2008 are not eligible for this schedule.

### B. Territory

The CHP facility must be located entirely within SMUD's service territory.

### C. Required Contract

An eligible CHP facility operating under this schedule shall execute a Power Purchase Agreement (PPA) with SMUD. The PPA shall be offered for contract durations of up to 10 years at the option of the customer.

### D. Participation in Other SMUD Programs

An eligible CHP facility operating under this schedule may not also obtain benefits for the same facility from any of the following:

1. A separate contract with SMUD for deliveries from the same facility; or
2. Incentives from SMUD under customer programs implemented in compliance with SB1 requirements or similar program; or
3. The net metering option for energy deliveries from the same facility.

### E. Electrical Interconnection

An eligible CHP facility under this schedule shall be interconnected within SMUD's service territory and shall be required to comply with SMUD's Rule and Regulation 21 process for interconnection and execute an Interconnection Agreement with SMUD. Facilities not meeting the Rule and Regulation 21 requirements will **not** be eligible for service. Any costs for system upgrades and facilities required for interconnection are the responsibility of the customer.

### F. Metering Requirements

The eligible CHP facility operating under this schedule shall comply with all applicable rules in installing, at the customer's expense, a bi-directional time-of-use meter appropriate for excess sale agreements, that can be read daily by electronic means acceptable to SMUD. SMUD will pay for and install a gross output meter to measure the generator output and provide for SMUD data requirements. The customer shall provide and pay for the meter socket and cabinet, and all required current transformers and potential transformers.

### G. Energy and Green Attributes

The customer shall, in accordance with the terms and conditions of the PPA, provide and convey to SMUD excess energy produced by the eligible CHP facility net of all station use and any and all site host load. Such conveyance shall include all related Green Attributes.

(End)



# Commercial & Industrial Time-of-Day Rate Schedule CI-TOD1

## I. Applicability

This Rate Schedule CI-TOD1 applies to single- or three-phase service delivered at standard voltages designated by SMUD as available at the customer's premises. This schedule includes the standard rates for all commercial and industrial (C&I) accounts with monthly maximum demand that does not exceed 299 kW for three or more consecutive months. Commercial & Industrial Time-of-Day customers include commercial and nonagricultural irrigation pumping accounts. This schedule also applies to Commercial & Industrial Time-of-Day accounts with contract capacity of 299 kW or less. The demand for any month shall be the maximum 15-minute kW delivery during the month.

For the purposes of this schedule a "month" is considered to be a single billing period of 27 to 34 days.

### A. C&I Secondary 0-20 kW (rate category CITS-0)

These rates apply to Commercial & Industrial Time-of-Day accounts with a monthly maximum demand of 20 kW or less. Whenever the monthly maximum demand exceeds 20 kW for *any* three consecutive months and the monthly energy usage is at least 7,300 kWh for *any* three consecutive months within a 12-month period, the account will be billed on the applicable rate. To return to the CITS-0 rate, the monthly maximum demand must be 20 kW or less for 12-consecutive months or the usage must be less than 7,300 kWh for 12 consecutive months.

### B. Small Nondemand, Nonmetered Service (rate category GFN)

This rate applies to Commercial & Industrial accounts where an account's monthly consumption of electricity is consistently small or can be predetermined with reasonable accuracy by reference to the capacity of equipment served and the hours of operation, SMUD, at its discretion, and with the customer's consent, will calculate electricity consumed in lieu of providing metering equipment.

### C. C&I Secondary 21-299 kW (rate category CITS-1)

These rates apply to Commercial & Industrial Time-of-Day accounts with a monthly maximum demand of at least 21 kW but does not exceed 299 kW for *any* three consecutive months **and** monthly energy usage of at least 7,300 kWh for *any* three consecutive months within a 12-month period. The customer will be billed on this rate unless the monthly usage is less than 7,300 kWh for 12 consecutive months; or the maximum demand falls below 21 kW for 12 consecutive months; or the monthly maximum demand exceeds 299 kW for three consecutive months.



# Commercial & Industrial Time-of-Day Rate Schedule CI-TOD1

## II. Firm Service Rates

### A. Commercial & Industrial Time-of-Day Rates

	Effective as of May 1, 2025	Effective as of January 1, 2026	Effective as of January 1, 2027
<b>CITS-0: C&amp;I Secondary 0-20 kW</b>			
<b>Non-Summer Season (October - May)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	\$40.30	\$42.00	\$43.85
Maximum Demand Charge <i>\$ per monthly max kW</i>	\$1.546	\$2.389	\$3.281
Electricity Usage Charge			
Peak <i>\$/kWh</i>	\$0.1532	\$0.1540	\$0.1546
Off-Peak <i>\$/kWh</i>	\$0.1377	\$0.1346	\$0.1312
Off-Peak Saver <i>\$/kWh</i>	\$0.1295	\$0.1244	\$0.1186
<b>Summer Season (June - September)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	\$40.30	\$42.00	\$43.85
Maximum Demand Charge <i>\$ per monthly max kW</i>	\$1.546	\$2.389	\$3.281
Electricity Usage Charge			
Peak <i>\$/kWh</i>	\$0.3049	\$0.3246	\$0.3449
Off-Peak <i>\$/kWh</i>	\$0.1448	\$0.1465	\$0.1482
<b>CITS-1: C&amp;I Secondary 21-299 kW</b>			
<b>Non-Summer Season (October - May)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	\$326.05	\$412.90	\$502.85
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$6.993	\$6.454	\$5.876
Electricity Usage Charge			
Peak <i>\$/kWh</i>	\$0.1412	\$0.1477	\$0.1546
Off-Peak <i>\$/kWh</i>	\$0.1248	\$0.1264	\$0.1280
Off-Peak Saver <i>\$/kWh</i>	\$0.0958	\$0.0888	\$0.0817
<b>Summer Season (June - September)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	\$326.05	\$412.90	\$502.85
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$6.993	\$6.454	\$5.876
Summer Peak Demand Charge <i>\$ per monthly Peak max kW</i>	\$7.732	\$9.960	\$12.316
Electricity Usage Charge			
Peak <i>\$/kWh</i>	\$0.2252	\$0.2341	\$0.2433
Off-Peak <i>\$/kWh</i>	\$0.1203	\$0.1215	\$0.1227

Commercial rates beyond 2027 are effective as shown in Section VIII. Transition Schedule.

### B. GFN Rates

	Effective as of May 1, 2025	Effective as of January 1, 2026	Effective as of January 1, 2027
<b>GFN</b>			
<b>All Year</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	\$11.70	\$12.05	\$12.40
Electricity Usage Charge			
All day <i>\$/kWh</i>	\$0.1715	\$0.1766	\$0.1819



# Commercial & Industrial Time-of-Day Rate Schedule CI-TOD1

## III. Electricity Usage Surcharges

Refer to the following rate schedules for details on these surcharges:

**A. Hydro Generation Adjustment (HGA).** Refer to Rate Schedule HGA.

## IV. Rate Option Menu

**A. Energy Assistance Program Rate for Nonprofit Agencies.** Refer to Rate Schedule EAPR.

**B. Campus Billing.** Refer to Rate Schedule CB.

### C. Implementation of Energy Efficiency Program or Installation of New Solar Photovoltaic or Storage Systems

Customers who implement a SMUD-sponsored Energy Efficiency program or who install a SMUD-approved solar/photovoltaic or storage system to offset their on-site energy usage may request, in writing, within 30 days of the project completion and commissioning, an adjustment to their twelve month maximum demand based on the anticipated reduction in kW from the Energy Efficiency Project Worksheet. The adjusted twelve month maximum demand is valid for 12 months or until it is exceeded by actual maximum demand.

### D. Standby Service Option

Standby Service applies when the following conditions are met:

1. The customer has generation, sited on the customer's premises, that serves all or part of the customer's load; and
2. The generator(s) are connected to SMUD's electrical system; and
3. SMUD is required to have resources available to provide supplemental service, backup electricity and/or to supply electricity during generator(s) maintenance service.

Standby Service Charge by Voltage Level (\$/kW of Contract Capacity per month)	Secondary	Primary	Subtransmission
Effective May 1, 2025	\$8.597	\$6.832	\$3.451
Effective January 1, 2026	\$8.855	\$7.037	\$3.555
Effective January 1, 2027	\$9.121	\$7.248	\$3.661

In addition to the Standby Service Charge, SMUD will continue to bill for all applicable charges under this rate schedule.

The Standby Service Charge will be waived only for qualifying renewable generation under Rate Schedules NEM1 and SSR. The Standby Service Charge applies to customers who install, interconnect, and operate their own electrical generation facility and equipment to self-supply all their own power needs as a microgrid service, where SMUD provides only backup electricity.

**E. Customer Energy Generation Options.** Refer to Rate Schedules NEM1 and SSR.

### F. SMUD Renewable Energy Options

SMUD offers optional programs that allow customers to receive renewable energy for an additional charge, detailed on [www.smud.org](http://www.smud.org).

### G. Special Metering Charge

For customers who purchase and install additional equipment and software identified by SMUD meter specialists as necessary for load data collection and transfer to electronic media outside SMUD, SMUD will charge a monthly service fee to cover maintenance, software support and licensing fees. Payment for this nonstandard equipment and service will be made through provisions in Rule and Regulation 2, Section IV. Special Facilities. The fee schedule is available at SMUD's website, [www.smud.org](http://www.smud.org).



# Commercial & Industrial Time-of-Day Rate Schedule CI-TOD1

## V. Conditions of Service

### A. Type of Electric Service

SMUD will provide customers on this rate schedule standard, firm service consisting of a continuous and sufficient supply of electricity.

### B. Distribution Service Voltage Definition

The following defines the three voltage classes available. The rate will be determined by the voltage level at which service is provided according to the following:

1. *Secondary Service Voltage*

This service class provides power at voltage levels below 12 kilo-Volts (kV), or at a level not otherwise defined as “Primary” or “Subtransmission.”

2. *Primary Service Voltage*

This service class provides power at a voltage level of 12 kV or 21 kV. To be eligible for Primary Service Voltage, the customer’s monthly demand must exceed 299 kW, the voltage must be available in the area being served, and SMUD must approve the arrangement for power provision.

3. *Subtransmission Service Voltage*

This subtransmission service class provides power at a voltage level of 69 kV or as otherwise defined by SMUD. To be eligible for voltage service at this level, the customer’s monthly demand must exceed 499 kW, the voltage must be available in the area being served, and SMUD must approve the arrangement for power provision.

### C. Power Factor Adjustment or Waiver

1. **Adjustment (charge per month varies)**

Accounts on a demand rate may be subject to a power factor (PF) adjustment charge. When a customer’s monthly power factor falls below 95 percent leading or lagging, the following billing adjustment will apply:

$$\text{Electricity Usage} \times [ (95\% \div \text{Power Factor}) - 1 ] \times \text{Power Factor Adjustment Rate}$$

*Electricity Usage: the total monthly kWh for the account*

*Power Factor: the lesser of the customer’s monthly power factor or 95 percent*

*Power Factor Adjustment Rate per excess KVAR*

Effective May 1, 2025	\$0.0142
Effective January 1, 2026	\$0.0146
Effective January 1, 2027	\$0.0151



# Commercial & Industrial Time-of-Day Rate Schedule CI-TOD1

## 2. Waiver Contract (charge per month is set for the term of the waiver)

Customers may apply for a power factor waiver contract that compensates SMUD for the power factor correction for the portion that is covered under the contract. The power factor waiver is not available to customers taking service at the subtransmission service voltage level. The waiver amount per month is calculated:

**Excess KVAR x Waiver Rate**

*Excess KVAR: Maximum 12-month KVAR in excess of 32.868 percent of kW*

*Waiver Rate per excess KVAR*

Effective May 1, 2025	\$0.3759
Effective January 1, 2026	\$0.3872
Effective January 1, 2027	\$0.3988

## VI. Billing Periods

### A. Time-of-Day Billing Periods

<b>Non-Summer October 1 -May 31</b>	Peak	Weekdays between 4:00 p.m. and 9:00 p.m., excluding holidays
	Off-Peak Saver	Every day between 9:00 a.m. and 4:00 p.m., including holidays
	Off-Peak	All other hours, including holidays
<b>Summer June 1 -September 30</b>	Peak	Weekdays between 4:00 p.m. and 9:00 p.m., excluding holidays
	Off-Peak	All other hours, including holidays

The holidays recognized for the Time-of-Day Billing Periods are as follows:

<u>Holiday</u>	<u>Month</u>	<u>Date</u>
New Year's Day	January	1
Martin Luther King Jr. Day	January	Third Monday
Presidents Day	February	Third Monday
Memorial Day	May	Last Monday
Juneteenth National Independence Day	June	19
Independence Day	July	4
Labor Day	September	First Monday
Indigenous Peoples' Day/Columbus Day	October	Second Monday
Veterans Day	November	11
Thanksgiving Day	November	Fourth Thursday
Christmas Day	December	25



# Commercial & Industrial Time-of-Day Rate Schedule CI-TOD1

## VII. Billing

### A. Meter Data

Meter data for service rendered in accordance with this Rate Schedule will not be combined for billing purposes unless SMUD determines it is necessary or convenient to do so.

### B. Proration of Charges

Charges are prorated when the billing period is less than 27 days, more than 34 days or spans more than one price. The System Infrastructure Fixed Charge, Summer Peak Demand Charge, Maximum Demand Charge, and Site Infrastructure Charge will be prorated as shown in the following table.

Billing Circumstance	Basis for Proration
Bill period is shorter than 27 days	Relationship between the length of the billing period and 30 days.
Bill period is longer than 34 days	
Price changes within bill period	Relationship between the length of the billing period and the number of days that fall within the respective pricing periods.

### C. Contract Capacity

Use of Contract Capacity for billing is at SMUD's sole discretion. Refer to Rule and Regulation 1 and Rule and Regulation 6.

### D. Discontinuance of Service

Any customer resuming service at the same premises within 12 months after discontinuing service will be required to pay the System Infrastructure Fixed Charges and Site Infrastructure Charges that would have been billed if service had not been discontinued, except when service has been disconnected. The System Infrastructure Fixed Charge and Site Infrastructure Charge will be waived during each of those months. Retroactive billing shall be at SMUD's sole discretion.

(End)



## Commercial & Industrial Time-of-Day Rate Schedule CI-TOD1

### VIII. Transition Schedule

Season and Charge Component	Unit	2028*
<b>CITS-0: C&amp;I Secondary 0-20 kW</b>		
System Infrastructure Fixed Charge	per month	\$44.45
Maximum Demand Charge	per kW	\$4.101
Non-Summer Peak	per kWh	\$0.1506
Non-Summer Off-Peak	per kWh	\$0.1237
Non-Summer Off-Peak Saver	per kWh	\$0.1092
Summer Peak	per kWh	\$0.3558
Summer Off-Peak	per kWh	\$0.1453

\*Subject to future rate increases.

\*\*Time-of-Day periods apply as described in Section VII.



# Commercial & Industrial Time-of-Day Rate Schedule CI-TOD2

## I. Applicability

This Rate Schedule CI-TOD2 applies to single- or three-phase service, delivered at standard voltages designated by SMUD as available at the customer's premises. This schedule includes the standard rates for all commercial and industrial (C&I) accounts with monthly maximum demand of at least 300 kW for three consecutive months, but not greater than 499 kW for three consecutive months during the preceding 12 months. Accounts served at the secondary service voltage level will remain on the CI-TOD2 rate schedule unless monthly maximum demand falls below 300 kW for 12 consecutive months or exceeds 499 kW for three consecutive months. Accounts served at the primary service voltage level will remain on the CI-TOD2 rate schedule unless monthly maximum demand exceeds 499 kW for three consecutive months. This schedule also includes the standard rates for accounts with contract capacity of at least 300 kW, but not greater than 499 kW. The demand for any month shall be the maximum 15-minute kW delivery during the month.

For the purposes of this schedule a "month" is considered to be a single billing period of 27 to 34 days.

## II. Firm Service Rates

### A. Commercial & Industrial Time-of-Day Rates

	Effective as of May 1, 2025	Effective as of January 1, 2026	Effective as of January 1, 2027
<b>CITS-2: C&amp;I Secondary 300-499 kW</b>			
<b>Non-Summer Season (October - May)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	\$980.55	\$1,281.95	\$1,600.65
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$5.286	\$5.538	\$5.790
Electricity Usage Charge			
Peak <i>\$/kWh</i>	\$0.1410	\$0.1471	\$0.1531
Off-Peak <i>\$/kWh</i>	\$0.1148	\$0.1199	\$0.1252
Off-Peak Saver <i>\$/kWh</i>	\$0.0973	\$0.0932	\$0.0889
<b>Summer Season (June - September)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	\$980.55	\$1,281.95	\$1,600.65
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$5.286	\$5.538	\$5.790
Summer Peak Demand Charge <i>\$ per monthly Peak max kW</i>	\$11.251	\$11.708	\$12.181
Electricity Usage Charge			
Peak <i>\$/kWh</i>	\$0.2427	\$0.2489	\$0.2551
Off-Peak <i>\$/kWh</i>	\$0.1359	\$0.1332	\$0.1302
<b>CITP-2: C&amp;I Primary 300-499 kW</b>			
<b>Non-Summer Season (October - May)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	\$331.40	\$341.35	\$351.60
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$3.485	\$3.590	\$3.697
Electricity Usage Charge			
Peak <i>\$/kWh</i>	\$0.1598	\$0.1646	\$0.1695
Off-Peak <i>\$/kWh</i>	\$0.1377	\$0.1418	\$0.1461
Off-Peak Saver <i>\$/kWh</i>	\$0.0873	\$0.0899	\$0.0926
<b>Summer Season (June - September)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	\$331.40	\$341.35	\$351.60
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$3.485	\$3.590	\$3.697
Summer Peak Demand Charge <i>\$ per monthly Peak max kW</i>	\$11.389	\$11.731	\$12.083
Electricity Usage Charge			
Peak <i>\$/kWh</i>	\$0.2012	\$0.2072	\$0.2135
Off-Peak <i>\$/kWh</i>	\$0.1240	\$0.1277	\$0.1315

Commercial rates beyond 2027 are effective as shown in Section VIII. Transition Schedule.



# Commercial & Industrial Time-of-Day Rate Schedule CI-TOD2

## III. Electricity Usage Surcharges

Refer the following rate schedules for details on electricity surcharges that apply to all kWh usage.

A. **Hydro Generation Adjustment (HGA).** Refer to Rate Schedule HGA.

## IV. Rate Option Menu

A. **Energy Assistance Program Rate for Nonprofit Agencies.** Refer to Rate Schedule EAPR.

B. **Campus Billing.** Refer to Rate Schedule CB.

C. **Implementation of Energy Efficiency Program or Installation of New Solar Photovoltaic or Storage Systems**

Customers who implement a SMUD-sponsored Energy Efficiency program or who install a SMUD-approved solar/photovoltaic or storage system to offset their on-site energy usage may request, in writing, within 30 days of the project completion and commissioning, an adjustment to their twelve month maximum demand based on the anticipated reduction in kW from the Energy Efficiency Project Worksheet. The adjusted twelve month maximum demand is valid for 12 months or until it is exceeded by actual maximum demand.

D. **Standby Service Option**

Standby Service applies when all of the following conditions are met:

1. The customer has generation, sited on the customer's premises, that serves all or part of the customer's load; and
2. The generator(s) are connected to SMUD's electrical system; and
3. SMUD is required to have resources available to provide supplemental service, backup electricity and, or to supply electricity during generator(s) maintenance service.

Standby Service Charge by Voltage Level (\$/kW of Contract Capacity per month)	Secondary	Primary	Subtransmission
Effective May 1, 2025	\$8.597	\$6.832	\$3.451
Effective January 1, 2026	\$8.855	\$7.037	\$3.555
Effective January 1, 2027	\$9.121	\$7.248	\$3.661

In addition to the Standby Service Charge, SMUD will continue to bill for all applicable charges under this rate schedule.

The Standby Service Charge will be waived only for qualifying renewable generation under Rate Schedules NEM1 and SSR. The Standby Service Charge applies to customers who install, interconnect, and operate their own electrical generation facility and equipment to self-supply all their own power needs as a microgrid service, where SMUD provides only backup electricity.

E. **Customer Energy Generation Options.** Refer to Rate Schedules NEM1 and SSR.

F. **SMUD Renewable Energy Option**

SMUD offers optional programs that allow customers to receive renewable energy for an additional charge, detailed on [www.smud.org](http://www.smud.org).

G. **Special Metering Charge**

The customer shall pay for additional equipment and software identified by SMUD meter specialists as necessary for load data collection and upload to the customer electronic system. Payment for this nonstandard equipment and service will be made through provisions in Rule and Regulation 2, Section IV. Special Facilities. The fee schedule is available at SMUD's website, [www.smud.org](http://www.smud.org).



# Commercial & Industrial Time-of-Day Rate Schedule CI-TOD2

## V. Conditions of Service

### A. Type of Electric Service

SMUD will provide customers on this rate schedule standard, firm service consisting of a continuous and sufficient supply of electricity.

### B. Distribution Service Voltage Definition

The following defines the three voltage classes available. The rate will be determined by the voltage level at which service is provided according to the following:

1. *Secondary Service Voltage*

This service class provides power at voltage levels below 12 kilo-Volts (kV), or at a level not otherwise defined as “Primary” or “Subtransmission.”

2. *Primary Service Voltage*

This service class provides power at a voltage level of 12 kV or 21 kV. To be eligible for Primary Service Voltage, the customer’s monthly demand must exceed 299 kW, the voltage must be available in the area being served, and SMUD must approve the arrangement for power provision.

3. *Subtransmission Service Voltage*

This subtransmission service class provides power at a voltage level of 69 kV or as otherwise defined by SMUD. To be eligible for voltage service at this level, the customer’s monthly demand must exceed 499 kW, the voltage must be available in the area being served, and SMUD must approve the arrangement for power provision.

### C. Power Factor Adjustment or Waiver

1. **Adjustment (charge per month varies)**

Accounts on a demand rate are subject to a power factor (PF) adjustment charge. When a customer’s monthly power factor falls below 95 percent leading or lagging, the following billing adjustment will apply:

$$\text{Electricity Usage} \times [ (95\% \div \text{Power Factor}) - 1 ] \times \text{Power Factor Adjustment Rate}$$

*Electricity Usage: the total monthly kWh for the account*

*Power Factor: the lesser of the customer’s monthly power factor or 95 percent*

*Power Factor Adjustment Rate per excess KVAR*

Effective May 1, 2025	\$0.0142
Effective January 1, 2026	\$0.0146
Effective January 1, 2027	\$0.0151



## Commercial & Industrial Time-of-Day Rate Schedule CI-TOD2

### 2. Waiver Contract (charge per month is set for term of waiver)

Customers may apply for a power factor waiver contract that compensates SMUD for the power factor correction for the portion that is covered under the contract. The power factor waiver is not available to customers taking service at the subtransmission service voltage level. The waiver amount per month is calculated:

**Excess KVAR x Waiver Rate**

*Excess KVAR: Maximum 12-month KVAR in excess of 32.868 percent of kW*

*Waiver Rate per excess KVAR*

Effective May 1, 2025	\$0.3759
Effective January 1, 2026	\$0.3872
Effective January 1, 2027	\$0.3988

## VI. Billing Periods

### A. Time-of-Day Billing Periods

<b>Non-Summer October 1 -May 31</b>	Peak	Weekdays between 4:00 p.m. and 9:00 p.m., excluding holidays
	Off-Peak Saver	Every day between 9:00 a.m. and 4:00 p.m., including holidays
	Off-Peak	All other hours, including holidays
<b>Summer June 1 -September 30</b>	Peak	Weekdays between 4:00 p.m. and 9:00 p.m., excluding holidays
	Off-Peak	All other hours, including holidays

The holidays recognized for the Time-of-Day Billing Periods are as follows:

<u>Holiday</u>	<u>Month</u>	<u>Date</u>
New Year's Day	January	1
Martin Luther King Jr. Day	January	Third Monday
Presidents Day	February	Third Monday
Memorial Day	May	Last Monday
Juneteenth National Independence Day	June	19
Independence Day	July	4
Labor Day	September	First Monday
Indigenous Peoples' Day/Columbus Day	October	Second Monday
Veterans Day	November	11
Thanksgiving Day	November	Fourth Thursday
Christmas Day	December	25



## Commercial & Industrial Time-of-Day Rate Schedule CI-TOD2

### VII. Billing

#### A. Meter Data

Meter data for service rendered in accordance with this rate will not be combined for billing purposes unless SMUD determines it is necessary or convenient to do so.

#### B. Proration of Charges

Charges are prorated when the billing period is less than 27 days, more than 34 days or spans more than one price. The System Infrastructure Fixed Charge, Summer Peak Demand Charge and Site Infrastructure Charge will be prorated as shown in the following table.

Billing Circumstance	Basis for Proration
Bill period is shorter than 27 days	Relationship between the length of the billing period and 30 days.
Bill period is longer than 34 days	
Price changes within bill period	Relationship between the length of the billing period and the number of days that falls within the respective pricing periods.

#### C. Contract Capacity

Use of Contract Capacity for billing is at SMUD's sole discretion. Refer to Rule and Regulation 1 and Rule and Regulation 6.

#### D. Discontinuance of Service

Any customer resuming service at the same premises within 12 months after discontinuing service may be required to pay the System Infrastructure Fixed Charges and Site Infrastructure Charges that would have been billed if service had not been discontinued, except when service has been disconnected. The System Infrastructure Fixed Charge and Site Infrastructure Charge will be waived during each of those months. Retroactive billing shall be at SMUD's sole discretion.

*(End)*



## Commercial & Industrial Time-of-Day Rate Schedule CI-TOD2

### VIII. Transition Schedule

Season and Charge Component	Unit	2028*
<b>CITS-2: C&amp;I Secondary 300-499 kW</b>		
System Infrastructure Fixed Charge	per month	\$1,878.75
Site Infrastructure Charge	per kW	\$5.876
Summer Peak Demand Charge	per kW	\$12.316
Non-Summer Peak	per kWh	\$0.1550
Non-Summer Off-Peak	per kWh	\$0.1270
Non-Summer Off-Peak Saver	per kWh	\$0.0817
Summer Peak	per kWh	\$0.2540
Summer Off-Peak	per kWh	\$0.1234

\*Subject to future rate increases.

\*\*Time-of-Day periods apply as described in Section VI.



## Commercial & Industrial Time-of-Day Rate Schedule CI-TOD3

### I. Applicability

This Rate Schedule CI-TOD3 applies to single- or three-phase service, delivered at standard voltages designated by SMUD as available at the customer's premises. This schedule includes the standard rates for all agricultural, commercial and industrial (C&I) accounts with monthly maximum demand of at least 500 kW for three consecutive months, but not greater than 999 kW for three consecutive months during the preceding 12 months. Accounts will remain on this schedule unless monthly maximum demand falls below 500 kW for 12 consecutive months or exceeds 999 kW for three consecutive months. This schedule also includes the standard rates for accounts with contract capacity of at least 500 kW, but not greater than 999 kW. The demand for any month will be the maximum 15-minute kW delivery during the month.

For the purposes of this schedule a "month" is considered to be a single billing period of 27 to 34 days.



# Commercial & Industrial Time-of-Day Rate Schedule CI-TOD3

## II. Firm Service Rates

### A. Commercial Industrial Time-of-Day Rates

	Effective as of May 1, 2025	Effective as of January 1, 2026	Effective as of January 1, 2027
<b>CITS-3: C&amp;I Secondary 500-999 kW</b>			
<b>Non-Summer Season (October - May)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	\$2,339.50	\$2,409.70	\$2,482.00
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$5.539	\$5.705	\$5.876
Electricity Usage Charge			
Peak <i>\$/kWh</i>	\$0.1405	\$0.1447	\$0.1491
Off-Peak <i>\$/kWh</i>	\$0.1160	\$0.1195	\$0.1231
Off-Peak Saver <i>\$/kWh</i>	\$0.0750	\$0.0772	\$0.0796
<b>Summer Season (June - September)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	\$2,339.50	\$2,409.70	\$2,482.00
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$5.539	\$5.705	\$5.876
Summer Peak Demand Charge <i>\$ per monthly Peak max kW</i>	\$11.609	\$11.957	\$12.316
Electricity Usage Charge			
Peak <i>\$/kWh</i>	\$0.2294	\$0.2363	\$0.2434
Off-Peak <i>\$/kWh</i>	\$0.1118	\$0.1152	\$0.1186
<b>CITP-3: C&amp;I Primary 500-999 kW</b>			
<b>Non-Summer Season (October - May)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	\$331.40	\$341.35	\$351.60
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$3.485	\$3.590	\$3.697
Electricity Usage Charge			
Peak <i>\$/kWh</i>	\$0.1465	\$0.1509	\$0.1554
Off-Peak <i>\$/kWh</i>	\$0.1272	\$0.1310	\$0.1349
Off-Peak Saver <i>\$/kWh</i>	\$0.0811	\$0.0835	\$0.0860
<b>Summer Season (June - September)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	\$331.40	\$341.35	\$351.60
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$3.485	\$3.590	\$3.697
Summer Peak Demand Charge <i>\$ per monthly Peak max kW</i>	\$11.389	\$11.731	\$12.083
Electricity Usage Charge			
Peak <i>\$/kWh</i>	\$0.2375	\$0.2446	\$0.2520
Off-Peak <i>\$/kWh</i>	\$0.1208	\$0.1245	\$0.1283
<b>CITT-3: C&amp;I Subtransmission 500-999 kW</b>			
<b>Non-Summer Season (October - May)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	\$1,379.50	\$1,420.90	\$1,463.50
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$3.820	\$3.935	\$4.053
Electricity Usage Charge			
Peak <i>\$/kWh</i>	\$0.1268	\$0.1306	\$0.1345
Off-Peak <i>\$/kWh</i>	\$0.1059	\$0.1091	\$0.1124
Off-Peak Saver <i>\$/kWh</i>	\$0.0689	\$0.0710	\$0.0731
<b>Summer Season (June - September)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	\$1,379.50	\$1,420.90	\$1,463.50
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$3.820	\$3.935	\$4.053
Summer Peak Demand Charge <i>\$ per monthly Peak max kW</i>	\$11.102	\$11.435	\$11.778
Electricity Usage Charge			
Peak <i>\$/kWh</i>	\$0.2132	\$0.2196	\$0.2262
Off-Peak <i>\$/kWh</i>	\$0.1027	\$0.1058	\$0.1090



# Commercial & Industrial Time-of-Day Rate Schedule CI-TOD3

## III. Electricity Usage Surcharges

Refer to the following rate schedules for details on electricity usage surcharges that apply to all kWh.

**A. Hydro Generation Adjustment (HGA).** Refer to Rate Schedule HGA.

## IV. Rate Option Menu

**A. Energy Assistance Program Rate for Nonprofit Agencies.** Refer to Rate Schedule EAPR.

**B. Campus Billing.** Refer to Rate Schedule CB.

**C. Implementation of Energy Efficiency Program or Installation of New Solar Photovoltaic or Storage Systems**

Customers who implement a SMUD-sponsored Energy Efficiency program or who install a SMUD-approved solar/photovoltaic or storage system to offset their on-site energy usage may request, in writing, within 30 days of the project completion and commissioning, an adjustment to their twelve month maximum demand based on the anticipated reduction in kW from the Energy Efficiency Project Worksheet. The adjusted twelve month maximum demand is valid for 12 months or until it is exceeded by actual maximum demand.

**D. Standby Service Option**

Standby Service applies when all of the following conditions are met:

1. The customer has generation, sited on the customer's premises, that serves all or part of the customer's load; and
2. The generator(s) are connected to SMUD's electrical system; and
3. SMUD is required to have resources available to provide supplemental service, backup electricity and, or to supply electricity during generator(s) maintenance service.

Standby Service Charge by Voltage Level (\$/kW of Contract Capacity per month)	Secondary	Primary	Subtransmission
Effective May 1, 2025	\$8.597	\$6.832	\$3.451
Effective January 1, 2026	\$8.855	\$7.037	\$3.555
Effective January 1, 2027	\$9.121	\$7.248	\$3.661

In addition to the Standby Service Charge, SMUD will continue to bill for all applicable charges under this rate schedule.

The Standby Service Charge will be waived only for qualifying renewable generation under Rate Schedules NEM1 and SSR. The Standby Service Charge applies to customers who install, interconnect, and operate their own electrical generation facility and equipment to self-supply all their own power needs as a microgrid service, where SMUD provides only backup electricity.

**E. Customer Energy Generation Options.** Refer to Rate Schedules NEM1 and SSR.

**F. SMUD Renewable Energy Option**

SMUD offers optional programs that allow customers to receive renewable energy for an additional charge, detailed on [www.smud.org](http://www.smud.org).

**G. Special Metering Charge**

The customer shall pay for additional equipment and software identified by SMUD meter specialists as necessary for load data collection and upload to the customer electronic system. Payment for this nonstandard equipment and service will be made through provisions in Rule and Regulation 2, Section IV. Special Facilities. The fee schedule is available at SMUD's website, [www.smud.org](http://www.smud.org).



# Commercial & Industrial Time-of-Day Rate Schedule CI-TOD3

## V. Conditions of Service

### A. Type of Electric Service

SMUD will provide customers on this rate schedule standard, firm service consisting of a continuous and sufficient supply of electricity.

### B. Distribution Service Voltage Definition

The following defines the three voltage classes available. The rate will be determined by the voltage level at which service is provided according to the following:

#### 1. Secondary Service Voltage

This service class provides power at voltage levels below 12 kilo-Volts (kV), or at a level not otherwise defined as “Primary” or “Subtransmission.”

#### 2. Primary Service Voltage

This service class provides power at a voltage level of 12 kV or 21 kV. To be eligible for Primary Service Voltage, the customer’s monthly demand must exceed 299 kW, the voltage must be available in the area being served, and SMUD must approve the arrangement for power provision.

#### 3. Subtransmission Service Voltage

This subtransmission service class provides power at a voltage level of 69 kV or as otherwise defined by SMUD. To be eligible for voltage service at this level, the customer’s monthly demand must exceed 499 kW, the voltage must be available in the area being served, and SMUD must approve the arrangement for power provision.

### C. Power Factor Adjustment or Waiver

#### 1. Adjustment (charge per month varies)

Accounts on a demand rate are subject to a power factor (PF) adjustment charge. When a customer’s monthly power factor falls below 95 percent leading or lagging, the following billing adjustment will apply:

$$\text{Electricity Usage} \times [ (95\% \div \text{Power Factor}) - 1 ] \times \text{Power Factor Adjustment Rate}$$

*Electricity Usage: the total monthly kWh for the account*

*Power Factor: the lesser of the customer’s monthly power factor or 95 percent*

*Power Factor Adjustment Rate per excess KVAR*

Effective May 1, 2025	\$0.0142
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Effective January 1, 2026	\$0.0146
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Effective January 1, 2027	\$0.0151
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## Commercial & Industrial Time-of-Day Rate Schedule CI-TOD3

### 2. Waiver Contract (charge per month is set for term of waiver)

Customers may apply for a power factor waiver contract that compensates SMUD for the power factor correction for the portion that is covered under the contract. The power factor waiver is not available to customers taking service at the subtransmission service voltage level. The waiver amount per month is calculated:

**Excess KVAR x Waiver Rate**

*Excess KVAR: Maximum 12-month KVAR in excess of 32.868 percent of kW*

*Waiver Rate per excess KVAR*

Effective May 1, 2025	\$0.3759
Effective January 1, 2026	\$0.3872
Effective January 1, 2027	\$0.3988

## VI. Billing Periods

### A. Time-of-Day Billing Periods

<b>Non-Summer October 1 -May 31</b>	Peak	Weekdays between 4:00 p.m. and 9:00 p.m., excluding holidays
	Off-Peak Saver	Every day between 9:00 a.m. and 4:00 p.m., including holidays
	Off-Peak	All other hours, including holidays
<b>Summer June 1 -September 30</b>	Peak	Weekdays between 4:00 p.m. and 9:00 p.m., excluding holidays
	Off-Peak	All other hours, including holidays

The holidays recognized for the Time-of-Day Billing Periods are as follows:

<u>Holiday</u>	<u>Month</u>	<u>Date</u>
New Year's Day	January	1
Martin Luther King Jr. Day	January	Third Monday
Presidents Day	February	Third Monday
Memorial Day	May	Last Monday
Juneteenth National Independence Day	June	19
Independence Day	July	4
Labor Day	September	First Monday
Indigenous Peoples' Day/Columbus Day	October	Second Monday
Veterans Day	November	11
Thanksgiving Day	November	Fourth Thursday
Christmas Day	December	25



## Commercial & Industrial Time-of-Day Rate Schedule CI-TOD3

### VII. Billing

#### A. Meter Data

Meter data for service rendered in accordance with this rate will not be combined for billing purposes unless SMUD determines it is necessary or convenient to do so.

#### B. Proration of Charges

Charges are prorated when the billing period is less than 27 days, more than 34 days or spans more than one price. The System Infrastructure Fixed Charge, Summer Peak Demand Charge and Site Infrastructure Charge will be prorated as shown in the following table.

Billing Circumstance	Basis for Proration
Bill period is shorter than 27 days	Relationship between the length of the billing period and 30 days.
Bill period is longer than 34 days	
Price changes within bill period	Relationship between the length of the billing period and the number of days that fall within the respective pricing periods.

#### C. Contract Capacity

Use of Contract Capacity for billing is at SMUD's sole discretion. Refer to Rule and Regulation 1 and Rule and Regulation 6.

#### D. Discontinuance of Service

Any customer resuming service at the same premises within 12 months after discontinuing service may be required to pay the System Infrastructure Fixed Charges and Site Infrastructure Charges that would have been billed if service had not been discontinued, except when service has been disconnected. The System Infrastructure Fixed Charge and Site Infrastructure Charge will be waived during each of those months. Retroactive billing shall be at SMUD's sole discretion.

*(End)*



## **Commercial & Industrial Time-of-Day Rate Schedule CI-TOD4**

### **I. Applicability**

This Rate Schedule CI-TOD4 applies to single- or three-phase service, delivered at standard voltages designated by SMUD as available at the customer's premises. This schedule includes the standard rates for all agricultural, commercial and industrial (C&I) accounts with monthly maximum demand of 1,000 kW or greater for three consecutive months during the preceding 12 months. Accounts will remain on this rate schedule unless monthly maximum demand falls below 1,000 kW for 12 consecutive months. The demand for any month will be the maximum 15-minute kW delivery during the month. This schedule also includes the standard rates for accounts with contract capacity of 1,000 kW or greater.

For the purposes of this schedule a "month" is considered to be a single billing period of 27 to 34 days.



# Commercial & Industrial Time-of-Day Rate Schedule CI-TOD4

## II. Firm Service Rates

### A. Commercial Industrial Time-of-Day Rates

	Effective as of May 1, 2025	Effective as of January 1, 2026	Effective as of January 1, 2027
<b>CITS-4: C&amp;I Secondary 1000+ kW</b>			
<b>Non-Summer Season (October - May)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	\$3,897.40	\$4,014.30	\$4,134.75
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$5.539	\$5.705	\$5.876
Electricity Usage Charge			
Peak \$/kWh	\$0.1442	\$0.1485	\$0.1530
Off-Peak \$/kWh	\$0.1186	\$0.1222	\$0.1259
Off-Peak Saver \$/kWh	\$0.0765	\$0.0788	\$0.0812
<b>Summer Season (June - September)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	\$3,897.40	\$4,014.30	\$4,134.75
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$5.539	\$5.705	\$5.876
Summer Peak Demand Charge <i>\$ per monthly Peak max kW</i>	\$11.609	\$11.957	\$12.316
Electricity Usage Charge			
Peak \$/kWh	\$0.2367	\$0.2438	\$0.2511
Off-Peak \$/kWh	\$0.1151	\$0.1186	\$0.1221
<b>CITP-4: C&amp;I Primary 1000+ kW</b>			
<b>Non-Summer Season (October - May)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	\$331.40	\$341.35	\$351.60
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$4.904	\$5.051	\$5.203
Electricity Usage Charge			
Peak \$/kWh	\$0.1444	\$0.1488	\$0.1532
Off-Peak \$/kWh	\$0.1172	\$0.1207	\$0.1243
Off-Peak Saver \$/kWh	\$0.0757	\$0.0780	\$0.0804
<b>Summer Season (June - September)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	\$331.40	\$341.35	\$351.60
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$4.904	\$5.051	\$5.203
Summer Peak Demand Charge <i>\$ per monthly Peak max kW</i>	\$11.389	\$11.731	\$12.083
Electricity Usage Charge			
Peak \$/kWh	\$0.2226	\$0.2293	\$0.2362
Off-Peak \$/kWh	\$0.1130	\$0.1164	\$0.1199
<b>CITT-4: C&amp;I Subtransmission 1000+ kW</b>			
<b>Non-Summer Season (October - May)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	\$1,379.50	\$1,420.90	\$1,463.50
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$3.820	\$3.935	\$4.053
Electricity Usage Charge			
Peak \$/kWh	\$0.1404	\$0.1446	\$0.1490
Off-Peak \$/kWh	\$0.1148	\$0.1182	\$0.1217
Off-Peak Saver \$/kWh	\$0.0742	\$0.0764	\$0.0787
<b>Summer Season (June - September)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	\$1,379.50	\$1,420.90	\$1,463.50
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$3.820	\$3.935	\$4.053
Summer Peak Demand Charge <i>\$ per monthly Peak max kW</i>	\$11.102	\$11.435	\$11.778
Electricity Usage Charge			
Peak \$/kWh	\$0.1978	\$0.2037	\$0.2098
Off-Peak \$/kWh	\$0.1100	\$0.1133	\$0.1167



# Commercial & Industrial Time-of-Day Rate Schedule CI-TOD4

## III. Electricity Usage Surcharges

Refer to the following rate schedules for details on electricity usage surcharges that apply to all kWh.

**A. Hydro Generation Adjustment (HGA).** Refer to Rate Schedule HGA.

## IV. Rate Option Menu

**A. Energy Assistance Program Rate for Nonprofit Agencies.** Refer to Rate Schedule EAPR.

**B. Campus Billing.** Refer to Rate Schedule CB.

**C. Implementation of Energy Efficiency Program or Installation of New Solar/Photovoltaic or Storage Systems**

Customers who implement a SMUD-sponsored Energy Efficiency program or who install a SMUD-approved solar/photovoltaic or storage system to offset their on-site energy usage may request, in writing, within 30 days of the project completion and commissioning, an adjustment to their twelve month maximum demand based on the anticipated reduction in kW from the Energy Efficiency Project Worksheet. The adjusted twelve month maximum demand is valid for 12 months or until it is exceeded by actual maximum demand.

### D. Standby Service Option

Standby Service applies when all of the following conditions are met:

1. The customer has generation, sited on the customer's premises, that serves all or part of the customer's load; and
2. The generator(s) are connected to SMUD's electrical system; and
3. SMUD is required to have resources available to provide supplemental service, backup electricity and, or to supply electricity during generator(s) maintenance service.

Standby Service Charge by Voltage Level (\$/kW of Contract Capacity per month)	Secondary	Primary	Subtransmission
Effective May 1, 2025	\$8.597	\$6.832	\$3.451
Effective January 1, 2026	\$8.855	\$7.037	\$3.555
Effective January 1, 2027	\$9.121	\$7.248	\$3.661

In addition to the Standby Service Charge, SMUD will continue to bill for all applicable charges under this rate schedule.

The Standby Service Charge will be waived only for qualifying renewable generation under Rate Schedules NEM1 and SSR. The Standby Service Charge applies to customers who install, interconnect, and operate their own electrical generation facility and equipment to self-supply all their own power needs as a microgrid service, where SMUD provides only backup electricity.

**E. Customer Energy Generation Options.** Refer to Rate Schedules NEM1 and SSR.

### F. SMUD Renewable Energy Option

SMUD offers optional programs that allow customers to receive renewable energy for an additional charge, detailed on [www.smud.org](http://www.smud.org).

### G. Special Metering Charge

For customers who purchase and install additional equipment and software identified by SMUD meter specialists as necessary for load data collection and transfer to electronic media outside SMUD, SMUD will charge a monthly service fee to cover maintenance, software support and licensing fees. Payment for this nonstandard equipment and service will be made through provisions in Rule and Regulation 2, Section IV. Special Facilities. The fee schedule is available at SMUD's website, [www.smud.org](http://www.smud.org).



# Commercial & Industrial Time-of-Day Rate Schedule CI-TOD4

## V. Conditions of Service

### A. Type of Electric Service

SMUD will provide customers on this rate schedule standard, firm service consisting of a continuous and sufficient supply of electricity.

### B. Distribution Service Voltage Definition

The following defines the three voltage classes available. The rate shall be determined by the voltage level at which service is provided according to the following:

1. *Secondary Service Voltage*

This service class provides power at voltage levels below 12 kilo-Volts (kV), or at a level not otherwise defined as “Primary” or “Subtransmission.”

2. *Primary Service Voltage*

This service class provides power at a voltage level of 12 kV or 21 kV. To be eligible for Primary Service Voltage, the customer’s monthly demand must exceed 299 kW, the voltage must be available in the area being served, and SMUD must approve the arrangement for power provision.

3. *Subtransmission Service Voltage*

This subtransmission service class provides power at a voltage level of 69 kV or as otherwise defined by SMUD. To be eligible for voltage service at this level, the customer’s monthly demand must exceed 499 kW, the voltage must be available in the area being served, and SMUD must approve the arrangement for power provision.

### C. Power Factor Adjustment or Waiver

1. **Adjustment (charge per month varies)**

Accounts on a demand rate are subject to a power factor (PF) adjustment charge. When a customer’s monthly power factor falls below 95 percent leading or lagging, the following billing adjustment will apply:

$$\text{Electricity Usage} \times [ (95\% \div \text{Power Factor}) - 1 ] \times \text{Power Factor Adjustment Rate}$$

*Electricity Usage: the total monthly kWh for the account*

*Power Factor: the lesser of the customer’s monthly power factor or 95 percent*

*Power Factor Adjustment Rate per excess KVAR*

Effective May 1, 2025	\$0.0142
Effective January 1, 2026	\$0.0146
Effective January 1, 2027	\$0.0151



## Commercial & Industrial Time-of-Day Rate Schedule CI-TOD4

### 2. Waiver Contract (charge per month is set for the term of the waiver)

Customers may apply for a power factor waiver contract that compensates SMUD for the power factor correction for the portion that is covered under the contract. The power factor waiver is not available to customers taking service at the subtransmission service voltage level. The waiver amount per month is calculated:

**Excess KVAR x Waiver Rate**

*Excess KVAR: Maximum 12-month KVAR in excess of 32.868 percent of kW*

*Waiver Rate per excess KVAR*

Effective May 1, 2025	\$0.3759
Effective January 1, 2026	\$0.3872
Effective January 1, 2027	\$0.3988

## VI. Billing Periods

### A. Time-of-Day Billing Periods

<b>Non-Summer October 1 -May 31</b>	Peak	Weekdays between 4:00 p.m. and 9:00 p.m., excluding holidays
	Off-Peak Saver	Every day between 9:00 a.m. and 4:00 p.m., including holidays
	Off-Peak	All other hours, including holidays
<b>Summer June 1 -September 30</b>	Peak	Weekdays between 4:00 p.m. and 9:00 p.m., excluding holidays
	Off-Peak	All other hours, including holidays

The holidays recognized for the Time-of-Day Billing Periods are as follows:

<u>Holiday</u>	<u>Month</u>	<u>Date</u>
New Year's Day	January	1
Martin Luther King Jr. Day	January	Third Monday
Presidents Day	February	Third Monday
Memorial Day	May	Last Monday
Juneteenth National Independence Day	June	19
Independence Day	July	4
Labor Day	September	First Monday
Indigenous Peoples' Day/Columbus Day	October	Second Monday
Veterans Day	November	11
Thanksgiving Day	November	Fourth Thursday
Christmas Day	December	25



## Commercial & Industrial Time-of-Day Rate Schedule CI-TOD4

### VII. Billing

#### A. Meter Data

Meter data for service rendered in accordance with this rate will not be combined for billing purposes unless SMUD determines it is necessary or convenient to do so.

#### B. Proration of Charges

Charges are prorated when the billing period is less than 27 days, more than 34 days or spans more than one price. The System Infrastructure Fixed Charge, Summer Peak Demand Charge and Site Infrastructure Charge will be prorated as shown in the following table.

Billing Circumstance	Basis for Proration
Bill period is less than 27 days	Relationship between the length of the billing period and 30 days.
Bill period is more than 34 days	
Price changes within billing period	Relationship between the length of the billing period and the number of days that fall within the respective pricing periods.

#### C. Contract Capacity

Use of Contract Capacity for billing is at SMUD's sole discretion. Refer to Rule and Regulation 1 and Rule and Regulation 6.

#### D. Discontinuance of Service

Any customer resuming service at the same premises within 12 months after discontinuing service will be required to pay the System Infrastructure Fixed Charges and Site Infrastructure Charges that would have been billed if service had not been discontinued, except when service has been disconnected. The System Infrastructure Fixed Charge and Site Infrastructure Charge will be waived during each of those months. Retroactive billing shall be at SMUD's sole discretion.

*(End)*



# Distribution Wheeling Service Rate Schedule DWS

## I. Applicability

This Rate Schedule DWS is optional for customers requesting Distribution Wheeling Service. SMUD may, at its sole discretion, provide Distribution Wheeling Service to Independent Power Producers and Cogenerators, also referred to as Merchant Generators, within SMUD territory, who establish a need for this service. Wheeling service requests will be evaluated on a case by case basis and may be limited by availability of distribution system capacity. SMUD, as the incumbent utility with native load service obligations, will determine the amount of excess distribution system capacity based on SMUD's forecasted customer loads. Any available distribution capacity in excess of SMUD's native load needs may be available to third parties requesting service under this Rate Schedule DWS. This rate has been developed for wholesale power transactions and SMUD will not wheel non-SMUD power to its retail customers under this rate.

This Rate Schedule DWS is available to entities owning generating facilities that meet the following conditions:

- The entity's generating facility is connected to SMUD's distribution system; and
- The entity has a power purchase (offtake) agreement for the output of the generating facility with an entity other than SMUD; and
- Power delivery under the power purchase agreement occurs at a location outside of the SMUD system.

Under this service, the power from the associated generating facility will be wheeled (transferred) across SMUD's distribution system from the point of interconnection to SMUD's distribution system (Interconnection Point) to SMUD's bulk power system. Entities taking service under this rate schedule will also be required to take Transmission Wheeling Service from SMUD under the SMUD Open Access Transmission Tariff (OATT).

Service under this schedule is on a first-come, first-served basis and is available unless the usage of these wheeling facilities would be detrimental to SMUD. This schedule is available for interconnection of the qualified generating facility to the SMUD distribution system, wherever that may occur within the SMUD service territory.

## II. Rates

### Distribution Wheeling Charge

\$/kilowatt-month	12/21 kV*	69 kV*
Effective May 1, 2025	\$12.430	\$1.936
Effective July 1, 2025	\$15.252	\$3.538
Effective January 1, 2026	\$15.710	\$3.644
Effective January 1, 2027	\$16.181	\$3.753

\* Includes all path charges to SMUD's bulk power system.

## III. Conditions of Service

### A. Application for Service

Any entity requesting service under this rate schedule must submit an application for Distribution Wheeling Service. Application for such service is available at the SMUD website, [www.smud.org](http://www.smud.org).

### B. Required Service Contract

The entity taking wheeling service under the rate schedule shall execute a Distribution Wheeling Agreement (DWA) in accordance with SMUD Policy and Procedure 8-05.

### C. Reservation Deposit

The entity requesting service under this rate schedule will be required to submit a deposit equal to one month of service under this rate. The deposit will be refundable up until the time that the entity commits to service by execution of the DWA. Once the DWA is executed, the reservation deposit becomes a nonrefundable payment for the first month of service under the rate schedule.



# Distribution Wheeling Service Rate Schedule DWS

## D. Term

Applicant must specify, at the time of application, the start date for the requested service. Applicant must also specify the duration that is requested for service. SMUD will accept applications for service up to 20 years.

## E. Application Under SMUD'S OATT

Applicants must also submit an application for Transmission Service under SMUD's Open Access Transmission Tariff.

## F. Definitions

The following definitions apply to this schedule:

1. Applicant: The entity requesting service under this rate schedule.
2. Distribution Wheeling: The transfer of Merchant Generator power at 12 kV, 21 kV, or 69 kV for delivery to a third party outside SMUD service territory.

## G. Electrical Interconnection

Applicant must also make a request for interconnection that complies with SMUD's Rule and Regulation 21 process for interconnection and must meet the requirements of Rule and Regulation 21, which include executing an Interconnection Agreement with SMUD. Any resources *not* meeting the Rule and Regulation 21 requirements will not be eligible for service under this schedule.

## H. Metering Requirements

Distributed generation resources receiving service under this schedule shall comply with all applicable rules in installing metering equipment appropriate for full output monitoring agreements, and which can be read daily by electronic means acceptable to SMUD. The customer shall be responsible for procuring and maintaining any communication link required by SMUD for retrieving meter data.

## IV. Line Losses

Merchant Generators taking service under this rate schedule will be assessed a line loss factor. Line losses will be applied as the electricity transitions from one voltage level to another. The line losses by voltage level are as follows:

<u>Voltage Level</u>	<u>Loss Factor</u>
12/21kV	4.06%
69kV	1.53%

SMUD reserves the right to update the line loss factor annually on January 1.

Line losses will be applied to the amount of generated electricity that is measured at the point of interconnection between the Merchant Generator's facility and SMUD's electrical system.

(End)



# General Service

## Temperature-Dependent Pricing/Economic Retention Rate Schedule GS-TDP (*Closed to new customers*)

### I. Applicability

This Rate Schedule GS-TDP applies to single- or three-phase service, delivered at the subtransmission voltage level. The rate charged the customer shall vary depending on the maximum forecasted temperature during the summer season (June through September). SMUD is utilizing temperature-dependent pricing as an additional rate option for economic retention.

This rate schedule was closed to new participants effective January 1, 1998.

To be eligible for this schedule, customers must have met the following requirements:

1. Certify to SMUD that serving their load has become competitive as shown through evidence of viable competitive energy sources from relocation, self-generation, cogeneration, etc.;
2. Verify that electricity costs are at least 10 percent of their variable production costs; and
3. Agree to remain a full-requirements SMUD customer for a minimum period of five years. If the customer chooses to bypass SMUD before the five year period has expired, the customer shall reimburse SMUD for all cumulative savings received under the temperature-dependent pricing rate compared to the standard rate. The customer may elect to terminate SMUD service after four years, with a one-year advance notification, without penalty.

For the purposes of this schedule a “month” is considered to be a single billing period of 27 to 34 days.

### II. Firm Service Rate

	Effective as of May 1, 2025	Effective as of January 1, 2026	Effective as of January 1, 2027
<b>GS-TDP</b>			
<b>Winter Season (January - May)</b>			
<b>System Infrastructure Fixed Charge</b> <i>per month per meter</i>	\$372.40	\$383.55	\$395.10
<b>Site Infrastructure Charge</b> <i>per 12 months max kW or contract capacity</i>	\$0.726	\$0.748	\$0.770
<b>Electricity Usage Charge</b>			
On-peak <i>\$/kWh</i>	\$0.1288	\$0.1326	\$0.1366
Off-peak <i>\$/kWh</i>	\$0.0921	\$0.0949	\$0.0977
<b>Summer Season (June - September)</b>			
<b>System Infrastructure Fixed Charge</b> <i>per month per meter</i>	\$372.40	\$383.55	\$395.10
<b>Site Infrastructure Charge</b> <i>per 12 months max kW or contract capacity</i>	\$0.726	\$0.748	\$0.770
<b>TDP Summer Super-Peak Demand Charge (\$/kW)</b>			
Per kW of maximum demand during Super-Peak Period per day if forecasted daily maximum temperature (T) for the following day is:			
"Heat Storm"   if $T \geq 100^\circ$ for 2 or more consecutive days; or	\$7.478	\$7.702	\$7.933
"Extremely Hot" if $T \geq 100^\circ$ for a single day; or	\$7.028	\$7.239	\$7.456
"Very Hot"     if $100^\circ > T > 95^\circ$ for a single day; or	\$1.304	\$1.343	\$1.383
"Mild to Hot"   if $95^\circ \geq T$	No Charge	No Charge	No Charge
<b>Electricity Usage Charge</b>			
Super-peak <i>\$/kWh</i>	\$0.1752	\$0.1805	\$0.1859
On-peak <i>\$/kWh</i>	\$0.1540	\$0.1586	\$0.1634
Off-peak <i>\$/kWh</i>	\$0.1158	\$0.1193	\$0.1229

The TDP Summer Super Peak Maximum Demand Charge varies depending on the forecasted maximum temperature, based on a mutually agreed upon weather forecast source for the Sacramento area, for the following day.

#### Minimum Demand Charge Day

A “Minimum Demand Charge Day” may be declared on days when the forecast maximum daily temperature is greater than 95°F and less than 50 percent of SMUD’s available peaking resources are being utilized. On a “Minimum Demand Charge Day” there is no charge for super-peak TDP maximum demand.



# General Service

## Temperature-Dependent Pricing/Economic Retention Rate Schedule GS-TDP (*Closed to new customers*)

### Notification of Minimum Demand Charge Day

It is the responsibility of the customer to communicate with SMUD to determine whether the SMUD system operator has declared a “Minimum Demand Charge Day.” SMUD reserves the right to cancel a “Minimum Demand Charge Day” if necessary. Any such update will be provided to the customer no later than one hour prior to application of the TDP super-peak maximum demand charge.

### III. Electricity Usage Surcharges

Refer to the following rate schedules for details on electricity usage surcharges.

**A. Hydro Generation Adjustment (HGA).** Refer to Rate Schedule HGA.

### IV. Rate Option Menu

#### A. SMUD Renewable Energy Option

SMUD offers optional programs that allow customers to receive renewable energy for an additional charge, detailed on [www.smud.org](http://www.smud.org).

#### B. Special Metering Charge

For customers who purchase and install additional equipment and software identified by SMUD meter specialists as necessary for load data collection and transfer to electronic media outside SMUD, SMUD will charge a monthly service fee to cover maintenance, software support and licensing fees. Payment for this nonstandard equipment and service will be made through provisions in Rule and Regulation 2, Section IV. Special Facilities. The fee schedule is available at SMUD’s website, [www.smud.org](http://www.smud.org).

### V. Conditions of Service

#### A. Type of Electric Service

SMUD will provide customers on this rate schedule standard, firm service consisting of a continuous and sufficient supply of electricity.

#### B. Service Voltage Definition

##### 1. Secondary Service Voltage

This service class provides power at voltage levels below 12 kilo-Volts (kV), or at a level not otherwise defined as “Primary” or “Subtransmission.”

##### 2. Primary Service Voltage

This service class provides power at a voltage level of 12 kV or 21 kV. To be eligible for Primary Service Voltage, the customer’s monthly demand must exceed 299 kW, the voltage must be available in the area being served, and SMUD must approve the arrangement for power provision.

##### 3. Subtransmission Service Voltage

This subtransmission service class provides power at a voltage level of 69 kV or as otherwise defined by SMUD. To be eligible for voltage service at this level, the customer’s monthly demand must exceed 499 kW, the voltage must be available in the area being served, and SMUD must approve the arrangement for power provision.



# General Service

## Temperature-Dependent Pricing/Economic Retention

### Rate Schedule GS-TDP (*Closed to new customers*)

#### C. Power Factor Adjustment or Waiver

##### 1. Adjustment (charge per month varies)

Accounts on a demand rate may be subject to a power factor (PF) adjustment charge. When a customer's monthly power factor falls below 95 percent leading or lagging, the following billing adjustment will apply:

$$\text{Electricity Usage} \times [ (95\% \div \text{Power Factor}) - 1 ] \times \text{Power Factor Adjustment Rate}$$

*Electricity Usage: the total monthly kWh for the account*

*Power Factor: the lesser of the customer's monthly power factor or 95 percent*

*Power Factor Adjustment Rate per excess KVAR*

Effective May 1, 2025	\$0.0142
Effective January 1, 2026	\$0.0146
Effective January 1, 2027	\$0.0151

##### 2. Waiver Contract (charge per month is set for the term of the waiver)

Customers may apply for a power factor waiver contract that compensates SMUD for the power factor correction for the portion that is covered under the contract. The power factor waiver is not available to customers taking service at the subtransmission service voltage level. The waiver amount per month is calculated:

$$\text{Excess KVAR} \times \text{Waiver Rate}$$

*Excess KVAR: Maximum 12-month KVAR in excess of 32.868 percent of kW*

*Waiver Rate per excess KVAR*

Effective May 1, 2025	\$0.3759
Effective January 1, 2026	\$0.3872
Effective January 1, 2027	\$0.3988

## VI. Billing Periods

### A. Large General Service Time-of-Use Billing Periods

<b>Winter On-Peak: October 1 - May 31</b>	Weekdays between noon and 10:00 p.m.
<b>Summer On-Peak: June 1 - September 30</b>	Weekdays between noon and 2:00 p.m. and between 8:00 p.m. and 10:00 p.m.
<b>Summer Super-Peak: June 1 - September 30</b>	Weekdays between 2:00 p.m. and 8:00 p.m.
<b>Off-Peak</b>	All other hours, including holidays shown below.



# General Service

## Temperature-Dependent Pricing/Economic Retention Rate Schedule GS-TDP *(Closed to new customers)*

Off-peak pricing shall apply during the following holidays:

<u>Holiday</u>	<u>Month</u>	<u>Date</u>
New Year's Day	January	1
Martin Luther King Jr. Day	January	Third Monday
Presidents Day	February	Third Monday
Memorial Day	May	Last Monday
Juneteenth National Independence Day	June	19
Independence Day	July	4
Labor Day	September	First Monday
Indigenous Peoples' Day/Columbus Day	October	Second Monday
Veterans Day	November	11
Thanksgiving Day	November	Fourth Thursday
Christmas Day	December	25

## VII. Billing

### A. Meter Data

Meter data for service rendered in accordance with this rate will not be combined for billing purposes unless SMUD determines it is necessary or convenient to do so.

### B. Proration of Charges

Charges are prorated when the billing period is less than 27 days, more than 34 days or spans more than one price. The System Infrastructure Fixed Charge and Site Infrastructure Charge will be prorated as shown in the following table.

Billing Circumstance	Basis for Proration
Bill period is shorter than 27 days	Relationship between the length of the billing period and 30 days.
Bill period is longer than 34 days	
Price changes within bill period	Relationship between the length of the billing period and the number of days that fall within the respective pricing periods.

### C. Contract Capacity

Use of Contract Capacity for billing is at SMUD's sole discretion. Refer to Rule and Regulation 1 and Rule and Regulation 6.

### D. Discontinuance of Service

Any customer resuming service at the same premises within 12 months after discontinuing service will be required to pay the System Infrastructure Fixed Charges and Site Infrastructure Charges that would have been billed if service had not been discontinued, except when service has been disconnected. The System Infrastructure Fixed Charge and Site Infrastructure Charge will be waived during each of those months. Retroactive billing shall be at SMUD's sole discretion.

*(End)*



# Outdoor Night Lighting Service Rate Schedule NLGT

## I. Applicability

This Rate Schedule NLGT applies to SMUD-owned and maintained outdoor overhead lighting service where Street Lighting Service Rate Schedule SLS does not apply. Service furnished under this schedule may be discontinued at any location where SMUD's overhead distribution facilities are relocated or converted to underground distribution facilities.

Lamps shall be supported on SMUD-owned poles that are used to carry distribution system circuits used for other SMUD purposes and shall be at locations approved by SMUD.

## II. Rate

	Effective as of May 1, 2025	Effective as of January 1, 2026	Effective as of January 1, 2027
<b>NLGT</b>			
<b>Electricity and Switching Charge</b> <i>\$ per watt of connected load</i>	\$0.0343	\$0.0353	\$0.0364

There will be a separate monthly charge for installation and maintenance of each fixture (including lamps, refractors, ballasts, photocells and other typical support equipment). These charges are based upon the installation of street lighting fixtures of a design specified by SMUD and mounted by means of varying length brackets affixed to existing wood poles that are used to carry distribution system circuits.

## III. Electricity Usage Surcharges

Refer to the following rate schedules for details on electricity surcharges that apply to all kWh usage.

A. **Hydro Generation Adjustment (HGA).** Refer to Rate Schedule HGA.

## IV. Lamp Servicing and Relocations

- A. Upon receipt of notice from the customer that light fails to operate as scheduled, SMUD will, within a reasonable period of time, make the necessary repairs.
- B. SMUD will, at the customer's request, relocate existing outdoor lighting service equipment, provided the customer reimburses SMUD for the relocation cost.

## V. Conditions of Service

- A. Service shall be alternating current at a frequency of approximately 60 hertz, single phase.
- B. Where new facilities are required in order to provide service for an applicant under this rate, SMUD may require a contract for service for a period not to exceed three years.
- C. Information on equipment that qualifies for this rate schedule and the associated monthly charge is available on the SMUD website, [www.smud.org](http://www.smud.org), or will be furnished upon request. SMUD will review this information at least annually and update as appropriate. SMUD retains the right to modify the listing of approved fixtures and lamps to accommodate changing technology or other business needs criteria.



## Outdoor Night Lighting Service Rate Schedule NLGT

### VI. Billing

#### A. Connected Load

The manufacturer's rating in watts (including all auxiliary equipment) will be used as connected load.

#### B. Proration of Charges

Charges are prorated when the billing period is less than 27 days, more than 34 days or spans more than one price. The Electricity Usage Charge will be prorated as shown in the following table.

Billing Circumstance	Basis for Proration
Bill period is shorter than 27 days	Relationship between the length of the billing period and 30 days
Bill period is longer than 34 days	
Price changes within bill period	Relationship between the length of the billing period and the number of days that fall within the respective pricing periods.

(End)



# Residential Service Rate Schedule R

## I. Applicability

This Rate Schedule R applies to single- and three-phase service for the following types of residential premises:

1. Individually metered residences including single-family homes, duplexes, apartments, and condominiums; and
2. General farm service where the meter also serves the residence or additional meters on a farm where the electricity consumed is solely for domestic purposes; and
3. Master-metered service to a qualifying multifamily accommodation or mobile home park that is submetered to all single-family units or individual mobile homes.

For the purposes of this schedule a “month” is considered to be a single billing period of 27 to 34 days.

### A. Fixed Rate (rate category RF01)

1. The Fixed Rate is the alternative rate to SMUD’s Time-of-Day (TOD) (5-8 p.m.) Rate (rate category RT02) under Rate Schedule R-TOD.
2. The Fixed Rate is required for customers serviced with analog meters and digital non-communicating meters.
3. Customers who qualify for Rate Schedule NEM1 and have an eligible renewable electrical generation facility that was approved for installation prior to January 1, 2018 are eligible to enroll in the Fixed Rate and may remain on the Fixed Rate after December 31, 2022.
4. Customers who have an eligible renewable electrical generation facility under Rate Schedule NEM1 that was approved for installation on or after January 1, 2018 are not eligible to enroll in the Fixed Rate.
5. Customers who have an eligible renewable electrical generation facility under Rate Schedule SSR are not eligible to enroll in the Fixed Rate.
6. Customers who have a storage facility without an associated eligible generating facility are not eligible to enroll in the Fixed Rate.
7. Customers who have master meters, including those enrolled on the RSMM rate category, are not eligible to enroll in the Fixed Rate.

### C. Master-Metered Multifamily Accommodation and Mobile Home Park Billing (Rate Category RSMM)

1. This rate is closed to new customers unless SMUD determines that it is not reasonable or feasible to provide service and meter the individual units directly.
2. The master-metered customer’s electricity consumption will be billed using the total kWh usage of the master-meter divided by the number of occupied single-family accommodations. The billing calculation will include applicable discounts to all kWh Usage Charges and System Infrastructure Fixed Charge (SIFC) for qualifying energy assistance and medical equipment discount program participants. The customer must advise SMUD within 15 days following any change in the number of occupied single-family accommodations wired for electric service.



# Residential Service Rate Schedule R

## II. Firm Service Rates

### A. Fixed Rate Customers (rate category RF01)

	Effective as of May 1, 2025	Effective as of January 1, 2026	Effective as of January 1, 2027
<b>Fixed Rate (RF01)</b>			
<b>Non-Summer Season (October - May)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	\$26.20	\$27.00	\$27.80
Electricity Usage Charge			
All kWh usage per month <i>\$/kWh</i>	\$0.1331	\$0.1371	\$0.1412
<b>Summer Season (June - September)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	\$26.20	\$27.00	\$27.80
Electricity Usage Charge			
All kWh usage per month <i>\$/kWh</i>	\$0.2126	\$0.2189	\$0.2255

### B. Master-Metered Multifamily Accommodation and Mobile Home Park Billing (Rate Category RSMM) Closed

	Effective as of May 1, 2025	Effective as of January 1, 2026	Effective as of January 1, 2027
<b>Master Metered Multifamily and Mobile Home Park Billing (Closed)</b>			
<b>Non-Summer Season (October - May)</b>			
System Infrastructure Fixed Charge <i>per month per unit</i>	\$26.20	\$27.00	\$27.80
Electricity Usage Charge			
All kWh usage per month <i>\$/kWh</i>	\$0.1476	\$0.1520	\$0.1566
<b>Summer Season (June - September)</b>			
System Infrastructure Fixed Charge <i>per month per unit</i>	\$26.20	\$27.00	\$27.80
Electricity Usage Charge			
All kWh usage per month <i>\$/kWh</i>	\$0.1690	\$0.1740	\$0.1792

## III. Electricity Usage Surcharges

Refer to the following rate schedule for details on electricity usage surcharges that apply to all kWh.

### A. Hydro Generation Adjustment (HGA). Refer to Rate Schedule HGA.

## IV. Rate Option Menu

### A. Energy Assistance Program Rate. Refer to Rate Schedule EAPR.

### B. Medical Equipment Discount Program. Refer to Rate Schedule MED.

### C. Joint Participation in Medical Equipment Discount and Energy Assistance Programs. Refer to Rate Schedule MED.

### D. Time-of-Day Rate. Refer to Rate Schedule R-TOD.

### E. Standby Service Option



## Residential Service Rate Schedule R

Standby Service applies when all of the following conditions are met:

1. The customer has generation, sited on the customer's premises, that serves all or part of the customer's load; and
2. The generator(s) have a combined nameplate rating of less than 100 kW; and
3. The generator(s) are connected to SMUD's electrical system; and
4. SMUD is required to have resources available to provide supplemental service, backup electricity and/or to supply electricity during generator(s) maintenance service.

**Standby Service Charge - January 1 through December 31**  
**(\$/kW of Contract Capacity per month)**

Effective May 1, 2025	\$8.597
Effective January 1, 2026	\$8.855
Effective January 1, 2027	\$9.121

In addition to the Standby Service Charge, SMUD will continue to bill for all applicable charges under this rate schedule.

The Standby Charge will be waived only for qualifying renewable generation under Rate Schedules NEM1 and SSR. The Standby Service Charge applies to customers who install, interconnect, and operate their own electrical generation facility and equipment to self-supply all their own power needs as a microgrid service, where SMUD provides only backup electricity.

**F. Customer Energy Generation Option.** Refer to Rate Schedule NEM1.

**G. SMUD Renewable Energy Option**

SMUD offers optional programs that allow customers to receive renewable energy for an additional charge, detailed on [www.smud.org](http://www.smud.org).

**H. Special Metering Charge**

For customers who purchase and install additional equipment and software identified by SMUD meter specialists as necessary for load data collection and transfer to electronic media outside SMUD, SMUD will charge a monthly service fee to cover maintenance, software support and licensing fees. Payment for this nonstandard equipment and service will be made through provisions in Rule and Regulation 2, Section IV. Special Facilities. The fee schedule is available at SMUD's website, [www.smud.org](http://www.smud.org).

**I. Plug-In Electric Vehicle (PEV) Option.** Refer to Rate Schedule R-TOD.

**J. Residential Three-Phase Service Option**

This option is open to customers located in areas where three-phase service is available. A Special Facilities fee may be charged to cover the additional costs for providing this service. This charge is in addition to the SIFC.

**Three-Phase Service - January 1 through December 31**  
**(Special Facilities fee per month)**

Effective May 1, 2025	\$56.25
Effective January 1, 2026	\$57.95
Effective January 1, 2027	\$59.70



## Residential Service Rate Schedule R

### V. Billing

KWh usage may be prorated for nonstandard billing periods, when billing period spans a price change, and/or when the billing period spans more than one season. The monthly SIFC will be prorated when the bill period is shorter than 27 days. The following table shows the basis for the proration in these circumstances. The monthly System Infrastructure Fixed Charge is determined by the billing period end date.

Billing Circumstance	Basis for Proration
Bill period is shorter than 27 days (SIFC and kWh)	Relationship between the length of the billing period and 30 days.
Bill period is longer than 34 days (kWh)	
Seasons overlap and price changes within bill period	Relationship between the length of the billing period and the number of days that fall within the respective season or pricing periods.

*(End)*



# Residential Time-of-Day Service Rate Schedule R-TOD

## I. Applicability

This Rate Schedule R-TOD applies to single- and three-phase service for the following types of residential premises:

1. Individual or dual metered residences with digital communicating meter installed, including single-family homes, duplexes, apartments, and condominiums; and
2. General farm service where the meter also serves the residence or additional meters on a farm where the electricity consumed is solely for domestic purposes.
3. Customers who have an eligible renewable electrical generation facility under Rate Schedules NEM1 or SSR that was approved for installation by SMUD on or after January 1, 2018, or who establish service at a premises that has an electrical generation facility that is fueled by a renewable fuel source on or after January 1, 2018 must be on this Rate Schedule R-TOD.

Master-metered service to a qualifying multifamily accommodation or mobile home parks are not eligible for Time-of-Day rates under rate schedule R-TOD.

For the purposes of this schedule a “month” is considered to be a single billing period of 27 to 34 days.

### A. Time-of-Day (5-8 p.m.) Rate (rate category RT02)

1. The TOD (5-8 p.m.) Rate is the standard rate for SMUD’s residential customers. Eligible customers can elect the Fixed Rate under Rate Schedule R as an alternative rate.
2. This rate has five kilowatt-hour (kWh) prices, depending on the time-of-day and season as shown in Section V. Conditions of Service along with the holidays.

### B. Optional Time-of-Day (Low Use) Rate (rate category RTL1)

1. The Time-of-Day (Low Use) Rate is an optional rate for residential customers that use a low amount energy. Customers must have a panel size less than or equal to 125 amps to be eligible for this rate. This optional rate will be available as of January 1, 2026.
2. This rate has five kilowatt-hour (kWh) prices, depending on the time-of-day and season as shown in Section V. Billing Periods along with the holidays.

### C. Optional Critical Peak Pricing (CPP) Rate (rate category RTC1)

1. The CPP rate is available for customers who are participating in a qualifying program. Customers that have accepted a storage incentive under certain Solar and Storage Rate incentive programs are required to enroll in this rate for a duration as determined by SMUD program rules posted on [www.smud.org](http://www.smud.org).
2. A maximum of 30,000 customers may be enrolled in this rate at any given time.
3. CPP Events may range from one to four hours, but not more than once per day. CPP Events may be called during any hour of the day during summer months, including holidays and weekends, up to 50 hours per summer. CPP Events may span multiple time-of-day periods.
4. CPP Events will be announced by SMUD a day in advance. However, in the event of a system emergency, announcements may occur the same day as the event.
5. This rate has five kilowatt-hour (kWh) prices, depending on the time-of-day and season as shown in Section V. Conditions of Service along with the holidays.



# Residential Time-of-Day Service Rate Schedule R-TOD

## II. Firm Service Rates

### A. Time-of-Day (5-8 p.m.) Rate

	Effective as of May 1, 2025	Effective as of January 1, 2026	Effective as of January 1, 2027
<b>Time-of-Day (5-8 p.m.) Rate (RT02)</b>			
<b>Non-Summer Season (October - May)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	\$26.20	\$27.00	\$27.80
Electricity Usage Charge			
Peak <i>\$/kWh</i>	\$0.1724	\$0.1776	\$0.1829
Off-Peak <i>\$/kWh</i>	\$0.1248	\$0.1285	\$0.1324
<b>Summer Season (June - September)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	\$26.20	\$27.00	\$27.80
Electricity Usage Charge			
Peak <i>\$/kWh</i>	\$0.3655	\$0.3765	\$0.3878
Mid-Peak <i>\$/kWh</i>	\$0.2077	\$0.2139	\$0.2203
Off-Peak <i>\$/kWh</i>	\$0.1505	\$0.1550	\$0.1596

### B. Optional Time-of-Day (Low Use) Rate

	Effective as of May 1, 2025	Effective as of January 1, 2026	Effective as of January 1, 2027
<b>Time-of-Day (Low Use) Rate (RTL1)</b>			
<b>Non-Summer Season (October - May)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	n/a	\$17.00	\$17.00
Electricity Usage Charge			
Peak <i>\$/kWh</i>	n/a	\$0.2148	\$0.2231
Off-Peak <i>\$/kWh</i>	n/a	\$0.1654	\$0.1718
<b>Summer Season (June - September)</b>			
System Infrastructure Fixed Charge <i>per month per meter</i>	n/a	\$17.00	\$17.00
Electricity Usage Charge			
Peak <i>\$/kWh</i>	n/a	\$0.4154	\$0.4314
Mid-Peak <i>\$/kWh</i>	n/a	\$0.2514	\$0.2610
Off-Peak <i>\$/kWh</i>	n/a	\$0.1920	\$0.1993

### C. Optional Critical Peak Pricing Rate

1. The CPP Rate base prices per time-of-day period are the same as the prices per time-of-day period for TOD (5-8 p.m.).
2. The CPP Rate provides a discount per kWh on the Mid-Peak and Off-Peak prices during summer months.
3. During CPP Events, customers will be charged for energy used at the applicable time-of-day period rate plus the CPP Rate Event Price per kWh as shown on [www.smud.org](http://www.smud.org).



## Residential Time-of-Day Service Rate Schedule R-TOD

4. During CPP Events, energy exported to the grid will be compensated at the CPP Rate Event Price per kWh as shown on [www.smud.org](http://www.smud.org).
5. The CPP Rate Event Price and discount will be updated annually at SMUD's discretion and posted on [www.smud.org](http://www.smud.org).

### D. Plug-In Electric Vehicle Credit (rate categories RT02, RTL1 and RTC1)

This credit is for residential customers who have a licensed passenger battery electric plug-in or plug-in hybrid electric vehicle.

Credit applies to all electricity usage charges from midnight to 6:00 a.m. daily.

Electric Vehicle Credit..... ~~-\$0.0150~~/kWh

## III. Electricity Usage Surcharges

Refer to the following rate schedules for details on these surcharges.

- A. **Hydro Generation Adjustment (HGA).** Refer to Rate Schedule HGA.

## IV. Rate Option Menu

- A. **Energy Assistance Program Rate.** Refer to Rate Schedule EAPR.
- B. **Medical Equipment Discount Program.** Refer to Rate Schedule MED.
- C. **Joint Participation in Medical Equipment Discount and Energy Assistance Program Rate.** Refer to Rate Schedule MED.
- D. **Standby Service Option**

Standby Service applies when all of the following conditions are met:

1. The customer has generation, sited on the customer's premises, that serves all or part of the customer's load; and
2. The generator(s) have a combined nameplate rating less than 100 kW; and
3. The generator(s) are connected to SMUD's electrical system; and
4. SMUD is required to have resources available to provide supplemental service, backup electricity and/ or to supply electricity during generator(s) maintenance service.

**Standby Service Charge - January 1 through December 31**  
**(\$/kW of Contract Capacity per month)**

Effective May 1, 2025	\$8.597
Effective January 1, 2026	\$8.855
Effective January 1, 2027	\$9.121

In addition to the Standby Service Charge, SMUD will continue to bill for all applicable charges under this rate schedule.

The Standby Service Charge will be waived only for qualifying renewable generation under Rate Schedules NEM1 and SSR. The Standby Service Charge applies to customers who install, interconnect, and operate their own electrical generation facility and equipment to self-supply all their own power needs as a microgrid service, where SMUD provides only backup electricity.

- E. **Customer Energy Generation Options.** Refer to Rate Schedules NEM1 and SSR.

### F. SMUD Renewable Energy Option

SMUD offers optional programs that allow customers to receive renewable energy for an additional charge, detailed on [www.smud.org](http://www.smud.org)



## Residential Time-of-Day Service Rate Schedule R-TOD

### G. Special Metering Charge

For customers who purchase and install additional equipment and software identified by SMUD meter specialists as necessary for load data collection and transfer to electronic media outside SMUD, SMUD will charge a monthly service fee to cover maintenance, software support and licensing fees. Payment for this nonstandard equipment and service will be made through provisions in Rule and Regulation 2, Section IV. Special Facilities. The fee schedule is available at SMUD's website, [www.smud.org](http://www.smud.org).

### H. Residential Three-Phase Service Option

This option applies to customers located in areas where three-phase service is available. A Special Facilities fee may be charged to cover the additional costs for providing this service. This charge is in addition to the System Infrastructure Fixed Charge.

#### Three-Phase Service - January 1 through December 31 (Special Facilities fee per month)

Effective May 1, 2025	\$56.25
Effective January 1, 2026	\$57.95
Effective January 1, 2027	\$59.70

## V. Billing Periods

### A. Time-of-Day Billing Periods

<b>Summer (Jun 1 - Sept 30)</b>	<b>Peak</b>	Weekdays between 5:00 p.m. and 8:00 p.m.
	<b>Mid-Peak</b>	Weekdays between noon and midnight except during the Peak hours.
	<b>Off-Peak</b>	All other hours, including weekends and holidays.
<b>Non-Summer (Oct 1 - May 31)</b>	<b>Peak</b>	Weekdays between 5:00 p.m. and 8:00 p.m.
	<b>Off-Peak</b>	All other hours, including weekends and holidays.

Off-Peak pricing shall apply during the following holidays:

<u>Holiday</u>	<u>Month</u>	<u>Date</u>
New Year's Day	January	1
Martin Luther King Jr. Day	January	Third Monday
Presidents Day	February	Third Monday
Memorial Day	May	Last Monday
Juneteenth National Independence Day	June	19
Independence Day	July	4
Labor Day	September	First Monday
Indigenous Peoples' Day/Columbus Day	October	Second Monday
Veterans Day	November	11
Thanksgiving Day	November	Fourth Thursday
Christmas Day	December	25



## Residential Time-of-Day Service Rate Schedule R-TOD

### VI. Billing

#### A. Proration of Charges

The electricity usage charge will not be prorated, regardless of the number of days in the billing period or the spanning of multiple seasons. The monthly System Infrastructure Fixed Charge will be prorated when the bill period is shorter than 27 days as shown in the following table. The monthly System Infrastructure Fixed Charge is determined by the billing period end date.

Billing Circumstance	Basis for Proration
Bill period is shorter than 27 days	Relationship between the length of the billing period and 30 days.

*(End)*



# Street Lighting Service Rate Schedule SLS

## I. Applicability

This Rate Schedule SLS applies to outdoor lighting service facilities for:

1. Streets; and
2. Highways, and bridges; and
3. Public parks; and
4. Elementary schools, secondary schools, and colleges.

This schedule covers the following service categories:

- **Customer-Owned and Maintained — Rate Category SL\_COM**
- **Customer-Owned and Maintained, Metered — Rate Category SL\_COM\_M**
- **Customer-Owned, SMUD (District)-Maintained — Rate Category SL\_CODM**
- **SMUD (District)-Owned and Maintained — Rate Category SL\_DOM**

For the purposes of the following prices a "month" is considered to be a single billing period of 27 to 34 days.

## II. Customer-Owned and Maintained — Rate Category SL\_COM

Where the customer owns and maintains the street lighting equipment, SMUD will furnish electricity and switching. This rate is available to customers that are not eligible for the default SL\_COM\_M metered rate or as determined by SMUD. Effective the first full billing cycle after the following date(s), the charge will be as follows:

	Effective as of May 1, 2025	Effective as of January 1, 2026	Effective as of January 1, 2027
<b>SL_COM</b>			
<b>Electricity and Switching Charge</b> <i>\$ per watt of connected load</i>	\$0.0343	\$0.0353	\$0.0364

## III. Customer-Owned and Maintained, Metered — Rate Category SL\_COM\_M

Eligible street lighting customers requesting new installations of lamps or additions of new lamps to existing accounts will default to the metered SL\_COM\_M rate. Eligible street lighting customers will be served under the default rate or as determined by SMUD.

Where the customer owns and maintains street lighting equipment, that is controlled to **operate solely during dusk to dawn hours**, SMUD will furnish electricity, the meter, and switching. The charges will be as follows:

	Effective as of May 1, 2025	Effective as of January 1, 2026	Effective as of January 1, 2027
<b>SL_COM_M</b>			
<b>System Infrastructure Fixed Charge</b> <i>per month per meter</i>	\$11.95	\$12.30	\$12.70
<b>Electricity Usage Charge</b> <i>All day \$/kWh</i>	\$0.1031	\$0.1062	\$0.1093



# Street Lighting Service Rate Schedule SLS

## IV. Customer-Owned, SMUD (District)-Maintained — Rate Category SL\_CODM (Closed to new customers and installations)

This rate is closed to new customers and installations effective January 23, 2014. Where the customer owns the street lighting equipment and SMUD supplies electricity, switching and, lamp servicing and maintenance, such service will be rendered for lamps and fixtures of sizes and types as SMUD has approved. Effective the first full billing cycle after the following date(s), the charge will be as follows:

	Effective as of May 1, 2025	Effective as of January 1, 2026	Effective as of January 1, 2027
<b>SL_CODM (closed)</b>			
<b>Electricity and Switching Charge</b> <i>\$ per watt of connected load</i>	\$0.0343	\$0.0353	\$0.0364

There is a separate monthly charge for maintaining each fixture and/or lamp. SMUD maintains a list of acceptable lamps and fixture types with standard ratings and the corresponding monthly maintenance charge.

This service is restricted to SMUD-approved locations.

## V. SMUD (District)-Owned and Maintained — Rate Category SL\_DOM

Where the customer requests that SMUD own, install, operate, and maintain the entire street lighting system, such service will be provided with fixtures and lamps of sizes and types as approved by SMUD. This rate is restricted to streets that are defined as right-of-way held in public trust, and maintained by the applicable governmental jurisdiction. At SMUD's sole discretion, streets not readily accessible to the general public will be served under the customer owned and maintained rates only.

There will be a separate monthly charge for installation and maintenance of each fixture (including lamps, refractors, ballasts, photocells and other typical support equipment). These charges are based on the installation of street lighting fixtures of a design specified by SMUD and mounted by means of varying length brackets affixed to poles that are used to carry distribution system circuits.

When additional or alternative facilities are installed at the customer's request, monthly charges will be assessed according to SMUD's published charge schedule.

### A. Pricing

Effective the first full billing cycle after the following date(s), the charge will be as follows:

	Effective as of May 1, 2025	Effective as of January 1, 2026	Effective as of January 1, 2027
<b>SL_DOM</b>			
<b>Electricity and Switching Charge</b> <i>\$ per watt of connected load</i>	\$0.0343	\$0.0353	\$0.0364

### B. Relocations and Changes

At the customer's request, SMUD may, at its sole discretion, relocate existing equipment provided the customer reimburses net expense to SMUD incurred in connection therewith, including appropriate engineering and general expense.

At the customer's request, SMUD may, at its sole discretion, replace existing equipment with new equipment prior to expiration of the existing equipment's service life, provided the customer pays to SMUD an amount equal to the unrecovered cost, less



# Street Lighting Service Rate Schedule SLS

salvage value, of the existing equipment to be retired and executes a fifteen-year contract for service effective with installation of the new equipment.

## **C. New Service**

New service will require an initial contract term of 15 years effective with installation of the service. If service is terminated before the contract term, the customer will be responsible for an amount equal to the unrecovered cost, less salvage value, of the equipment installed.

## **VI. Electricity Usage Surcharges**

Refer to the following rate schedules for details on electricity usage surcharges that apply to all kWh.

**A. Hydro Generation Adjustment (HGA).** Refer to Rate Schedule HGA.

## **VII. Conditions of Service**

- A.** Service will be alternating current at a frequency of approximately 60 hertz, single phase, at voltages specified by SMUD. Lamps shall be controlled to operate from dusk to dawn each night so as to give approximately 4,000 hours of lighting service annually.
- B.** When a customer requests that SMUD finance as well as install customer-owned street lighting equipment, provisions of Rule and Regulation 2 apply.
- C.** Information on equipment that qualifies for rates on this schedule and the associated monthly charges is available, on SMUD's website, [www.smud.org](http://www.smud.org), or will be furnished upon request. SMUD will review this information at least once per year and update as necessary for additional approved equipment, technology improvements and pricing changes.
- D.** SMUD will furnish a meter to provide service under the metered rate categories.

## **VIII. Billing**

**A.** The manufacturer's rating in watts (including all auxiliary equipment) will be used as connected load.

### **B. Proration of Charges (SL\_DOM, SL\_COM, and SL\_CODM)**

Billing periods for nonstandard lengths will be billed as follows:

- 1.** Service connected for 15 or more days during a billing period will be billed for a full month's service.
- 2.** Service connected for 1-14 days during a billing period will not be billed for such partial month's service.
- 3.** Service discontinued for 15 or more days during a billing period will not be billed for such partial month's service.
- 4.** Service discontinued for 1-14 days during a billing period will be billed for a full month's service.



## Street Lighting Service Rate Schedule SLS

### C. Proration of Charges (SL\_COM\_M)

Charges are prorated when the billing period is less than 27 days, more than 34 days or spans more than one price. The System Infrastructure Fixed Charge will be prorated as shown in the following table.

Billing Circumstance	Basis for Proration
Bill period is shorter than 27 days	Relationship between the length of the billing period and 30 days.
Bill period is longer than 34 days	
Price changes within bill period	Relationship between the length of the billing period and the number of days that fall within the respective pricing periods.

*(End)*



# Traffic Control Intersection Lighting Service Rate Schedule TC ILS

## I. Applicability

This Rate Schedule TC ILS applies to electric service for the benefit of cities, counties, and other public agencies for pedestrian and vehicular traffic signal units, together with related control devices for the purpose of traffic safety and management and associated intersection lighting where the mounting, standards, control supports, signal equipment, and luminaires are owned and maintained by the customer.

For the purposes of this schedule a "month" is considered to be a single billing period of 27 to 34 days.

## II. Rates (Rate Categories TS\_F, TS)

	Effective as of May 1, 2025	Effective as of January 1, 2026	Effective as of January 1, 2027
<b>TS_F, TS</b>			
<b>System Infrastructure Fixed Charge</b> <i>for metering point per month or portion thereof</i>	\$7.09	\$7.30	\$7.52
<b>Electricity Usage Charge</b> All day <i>\$/kWh</i>	\$0.1294	\$0.1333	\$0.1373

## III. Electricity Usage Surcharges

Refer to the following rate schedules for details on electricity surcharges that apply to all kWh usage.

**A. Hydro Generation Adjustment (HGA).** Refer to Rate Schedule HGA.

## IV. Conditions of Service

1. Service shall be alternating current, at a frequency of approximately 60 hertz, single phase, at secondary voltages specified by SMUD, and at service points mutually agreed upon between the customer and SMUD.
2. Lamps for intersection lighting shall be controlled to operate from dusk to dawn each night so as to give approximately 4,000 hours of lighting service annually.
3. Where the monthly consumption of electricity is consistently small or can be predetermined with reasonable accuracy by reference to the capacity of equipment served and the hours of operation, SMUD may, with customer's consent, calculate electricity consumed in lieu of providing metering equipment (TS\_F).

## V. Billing

For billing periods of less than 27 days or more than 34 days, System Infrastructure Fixed Charges will be prorated on the basis of the relationship between the length of the billing period and 30 days. No proration will be made on first-time billing when the total period of service is less than 30 days.

(End)



# Traffic Signal Service

## Rate Schedule TSS (*Closed to new customers*)

### I. Applicability

This Rate Schedule TSS applies to electric service for pedestrian and vehicular traffic signal units, together with related control devices where the mounting standards, control supports, and signal equipment are owned and maintained by the customer.

For the purposes of this schedule a “month” is considered to be a single billing period of 27 to 34 days.

### II. Rate (Rate Category SL\_TSF)

#### Monthly Charges

	Effective as of May 1, 2025	Effective as of January 1, 2026	Effective as of January 1, 2027
<b>SL_TSF</b>			
For units not larger than 70 watts or connected load and not exceeding three lamps per unit, the monthly charge <b>per unit</b> per month	\$5.14	\$5.29	\$5.45
For units larger than 70 watts or connected load and not exceeding three lamps per unit, the monthly charge <b>per lamp per watt</b>	\$0.0360	\$0.0371	\$0.0382
Total charge per month being not less than	\$5.14	\$5.29	\$5.45

### III. Electricity Usage Surcharges

Refer to the following rate schedules for details on electricity surcharges that apply to all kWh usage.

**A. Hydro Generation Adjustment (HGA).** Refer to Rate Schedule HGA.

### IV. Conditions of Service

1. Service shall be alternating current, at a frequency of approximately 60 hertz, single phase, at secondary voltages specified by SMUD.
2. No additional service will be provided by SMUD under Rate Schedule TSS. Upon notification by SMUD and installation of metering facilities, individual accounts will be transferred from Rate Schedule TSS to Rate Schedule TC ILS.

### V. Billing

#### A. Connected Load

“Connected load” as used in this rate schedule shall be the sum of the capacities of all of the customer’s equipment that may be operated from SMUD’s lines at the same time.

#### B. Billing Periods of Nonstandard Length

Billing periods of nonstandard length will be billed as follows:

1. Service connected for 15 or more days during a billing period will be billed for a full month’s service.
2. Service connected for 1-14 days during a billing period will not be billed for such partial month’s service.
3. Service discontinued for 15 or more days during a billing period will not be billed for such partial month’s service.
4. Service discontinued for 1-14 days during a billing period will be billed for a full month’s service.

(End)



# Billing, Payment of Bills, and Credit

## Rule and Regulation 6

### I. Billing Period

Customer bills will normally be rendered for scheduled billing periods of approximately one month. For the purposes of prices, a "month" is considered to be a single billing period of 27 to 34 days. Bills for electric service will be based upon 1) electronic meter data, 2) meter readings where the customer has opted-out of smart metering, or 3) estimates as provided in section II. below.

### II. Metering for Billing Purposes and Use of Estimated Consumption

Data from two or more meters will not be combined for billing purposes unless SMUD determines it is necessary or convenient to do so.

Where the monthly consumption of electricity is consistently small or can be predetermined with reasonable accuracy by reference to the capacity of equipment served and the hours of operations, SMUD may, with customer's consent, calculate electricity consumed in lieu of providing metering equipment (Rate Category GFN).

Where metering equipment fails or an accurate meter reading is not obtained, SMUD may estimate demand or energy, or both, for the period of service involved and use such estimates in computing a bill, in accordance with Rule and Regulation 17.

### III. Use of Contract Capacity for Billing

Where a customer has requested dedicated service, or is utilizing less than 50 percent of equipment sized specifically to meet the customer's load, or requires service of 10 MW or greater, SMUD may, at its sole discretion, ensure cost recovery (or marginal cost recovery for equipment utilization of less than 50 percent) of the distribution facilities capacity by billing the Site Infrastructure Charge based on the applicable Contract Capacity.

### IV. Payment of Bills

All customer bills are payable upon presentation to the customer. Payment shall be made 1) at the office of SMUD, or 2) at any of the pay stations that SMUD may designate, or 3) to any of its duly authorized collectors, or 4) by customer initiated electronic means, or 5) by SMUD customer assisted electronic means. Customer bills, with the exception of public entities, that remain unpaid 19 business days from the date of issuance will be regarded as delinquent. SMUD may thereafter discontinue service for unpaid electric service bills in accordance with Rule and Regulation 11 or take such other appropriate action as may be necessary. Payments are first applied to all electric service bill amounts owing and then to non-electric bill amounts. Special bills or bills rendered to persons discontinuing service or vacating the premises shall be paid on presentation.

Public entity customer bills that remain unpaid 30 business days from the date of issuance will be regarded as delinquent.

"Public entity" includes Federal agencies, State of California, University of California, California State University, a county, city, district, special district, public authority, public agency and any other political subdivision of the State of California.

### V. Payment of Delinquent Bills

SMUD has the right to transfer a customer's unpaid charges for electric service to an active bill prior to being assigned to a collection agency.

Service may be refused or discontinued pursuant to Rule and Regulation 11 until all unpaid charges for electric service to applicant at all locations have been paid or have otherwise been discharged, or have been barred by the statute of limitations, except that residential service may not be refused or discontinued because of nonpayment of bills for other classes of service or nonelectric bill amounts.

### VI. Establishment of Credit

#### A. Residential Customers

Residential credit will be deemed established without benefit of a cash deposit, pursuant to Rule and Regulation 3, until such time as the residential customer fails to maintain credit to SMUD's satisfaction.



# Billing, Payment of Bills, and Credit Rule and Regulation 6

## **B. Commercial Customers**

Commercial customers may:

1. Pay a cash deposit; or
2. Furnish a bond satisfactory to SMUD; or
3. Provide evidence of previous commercial utility service in the exact same name with either SMUD or a gas or another electric utility within the last 12 months where credit was established and maintained within SMUD's criteria. If such evidence is not supplied within 10 days of the service start date or if SMUD determines that it is not accurate, SMUD can require a deposit as a condition of further service.

## **VII. Maintenance of Credit**

A customer's credit may be deemed to be no longer maintained to SMUD's satisfaction if such customer has 1) one or more delinquent bill payments during the last 12 months, 2) one or more returned payments in the last 12 months, 3) been disconnected for nonpayment, 4) defaulted on an installment, or 5) an unpaid closed account. Identification information, including social security numbers, of customers with delinquent accounts may be reported to credit reporting agencies as part of the customary collection practice.

A customer receiving service may be required to re-establish credit in the event conditions of service or conditions affecting the customer's credit have materially changed.

## **VIII. Deposit Required Where Credit Not Established or Maintained**

Where a customer or an applicant for service does not satisfactorily establish and maintain credit in accordance with sections VI. and VII. a deposit may be required as security for the payment of bills. SMUD may, in accordance with Rule and Regulation 11, discontinue service if the customer fails to make such deposit as requested by SMUD. The amount of such deposit for residential and commercial customers shall be the greater of 1) twice the highest estimated monthly bill or twice the highest actual customer bill; or 2) twice the average residential class monthly bill for the preceding three years, rounded to the nearest \$10, as determined and set annually by SMUD.

## **IX. Deposit Retention and Interest**

Deposits will normally be held for a minimum of 12 months for residential and nonresidential classes of service. Deposits will be credited to the customer's account at the end of the deposit period, or earlier, at SMUD's option, if the customer has maintained credit to SMUD's satisfaction as outlined in section VII.

For active deposits, interest will be credited to the customer's account annually. The deposit must be active for 180 calendar days before interest is paid. Each February, May, August, and November the interest rate will be recalculated to the nearest full percentage below the average Six-Month U.S. Treasury Bill yield for the previous three months. Interest is prorated based on the interest rate(s) in effect from the effective date of the deposit or from the last interest paid date, whichever is later, to the review date.

Upon termination of service, SMUD will return the deposit and any accrued interest less the amount of any unpaid charges. Interest on deposits will be paid on the date of the return of the deposit or on the date of its application to the customer's account.

## **X. Dishonored Payments**

When checks or electronic funds transfers are received as payment for electric bills, deposits or other charges, and are subsequently dishonored or rejected by the bank, SMUD may require a fee in addition to redemption of the amount of the original check or electronic funds transfer. Dishonored payments and related charges must be redeemed and paid immediately in certified funds or SMUD may thereafter discontinue service in accordance with Rule and Regulation 11 or take other appropriate action as necessary. SMUD reserves the right to determine the form of acceptable payment. SMUD will set the fee for dishonored payments annually based on average costs.



## Billing, Payment of Bills, and Credit Rule and Regulation 6

Certified funds to include, but may not be limited to:

- Cash
- Credit card payment authorized by credit card provider
- Cashier's check
- Money order

### **XI. Late Payment Charge**

A one-time late fee of 1.5 percent may be applied to the current amount due portion of a customer's bill if the customer's full payment is not received by the end of the third business day after the due date indicated on the customer bill. The total unpaid balance must be equal to or greater than \$10.00 before a late fee is applied.

### **XII. Delinquent Accounts**

In the event a SMUD representative must make a field call or mail a disconnection notice to effect collection of a delinquent electric service bill, deposit or other charges, the customer may be required to pay a field service charge in addition to the delinquent amount. Service may be discontinued pursuant to Rule and Regulation 11 if this charge is not paid at the time of collection or by the due date of the disconnection notice. Upon restoration of a service disconnected for non-payment, the past due amount, in addition to any other related charges, must be paid in certified funds only. SMUD reserves the right to consider other payment methods as deemed appropriate. SMUD will annually set the charge for field service on delinquent accounts based on average costs.

### **XIII. Subordination Fee**

The cost of subordination will be charged to the property owner for each subordination required in a real estate transaction where SMUD has a recorded UCC-1 filing resulting from a SMUD energy efficiency loan. The subordination fee will be established to recover SMUD's average cost of subordination and may be revised from time to time to reflect changes in subordination costs.

### **XIV. Customer Service Assisted Payment Fee**

A customer service assisted payment is the result of a SMUD representative drafting customer bill payment(s) from a credit card, checking account or savings account. When a customer requests for the payment of any bill owed to SMUD a customer service assisted payment there will be a transaction fee. The transaction fee is based on the average cost of providing such service. Fee schedules are available at the SMUD website, [www.smud.org](http://www.smud.org).

*(End)*



# **Extension of Facilities to Nonresidential Premises**

## **Rule and Regulation 16**

### **I. Conditions of Service**

Applicants for new and upgraded electric service will be required to provide SMUD sufficient advance notice so that service can be rendered by the time such service is desired. By applying for or accepting service from SMUD, a customer agrees to abide by all of SMUD's rates, rules and regulations concerning such service, to provide any rights of way across the customer's own property that SMUD may deem necessary to supply such service, and to cooperate with SMUD in its construction and maintenance of the facilities needed for such service. SMUD may bill the customer for any costs resulting from the customer's failure to comply with the provisions of this paragraph. This rule and regulation shall also apply to public agencies and developments with both nonresidential and residential mixed-use electric service.

### **II. Extensions of SMUD Distribution Facilities**

Line extensions of electric distribution facilities to the boundary of a nonresidential development (at standard voltages specified in Rule and Regulation 2) will normally be constructed, owned, and maintained by SMUD at its expense. Line extensions will be subject to the provisions of SMUD's rules and regulations and the provisions of the applicable rates.

### **III. Overhead Distribution Facilities within a Development**

Generally, overhead facilities will not be extended into new developments. However, when they are extended SMUD will construct, own, and maintain all necessary overhead facilities required to provide service.

### **IV. Underground Distribution Facilities within a Development**

The developer of a nonresidential development will, in accordance with SMUD's specifications:

- a. Perform all necessary excavating and backfilling, including furnishing of any imported backfill material required.
- b. Furnish and install the underground duct system (including necessary conduits, ducts, manholes, vaults, switchgear, pads, and concrete encasement of conduit where required).
- c. Transfer ownership of such facilities to SMUD upon acceptance by SMUD. In the case of approved residential high rise construction, ownership and maintenance of secondary to final service voltage equipment within the customer's building will remain the responsibility of the customer. The customer shall provide open and free access to SMUD meters in designated panel locations throughout the building.
- d. The developer will deposit with SMUD 100 percent of the Cost of SMUD-installed facilities upon completion of the system design and prior to system installation. At the discretion of SMUD, Cost may be determined by application of standard unit costing or by job specific estimates. Standard unit costing may be reviewed and updated at SMUD's discretion. SMUD may extend at its option, financing terms for no longer than 12 months for no more than 50 percent of the Cost. Availability of the financing option will depend on the financial viability and credit-worthiness of the firm, as determined by SMUD. These costs are limited to SMUD's costs of providing distribution facilities within the boundaries of the development and the development-related distribution facilities adjacent to the development. For customers with connected loads of 1 megawatt and greater, these costs will include costs related to the last transformation before delivery to the customer, whether that transformation is from an off-site distribution substation or an on-site SMUD-dedicated substation. SMUD will supply, install, own, and maintain all conductors, switchgear, transformers, and related equipment for the secondary and primary distribution system.
- e. If the applicant does not, within 12 months from the date on which SMUD provided a commitment for service, complete construction so that SMUD facilities can be installed, work authorizations under this rule may be canceled along with any related jobs. The on-site development cost shall be subject to increase in accordance with any change in this rule.
- f. Pay SMUD a nonrefundable design fee at the time of project submittal to SMUD. SMUD may require additional fees as needed to accommodate change-orders or unanticipated design costs.



# Extension of Facilities to Nonresidential Premises

## Rule and Regulation 16

### V. SMUD Cost for Distribution Systems

The developer of a non-residential development with an estimated demand of at least 300kW as determined by SMUD is eligible for certain offsets of costs in accordance with the following specifications:

- a. Based on Section IV(D), SMUD will supply, install, own, and maintain all conductors, transformers, and related equipment for the secondary and primary distribution system.
- b. SMUD will apply a Per kW Offset Amount to offset the developer Cost for the SMUD-installed facilities and distribution system.
- c. The estimated kW demand for the Per kW Offset Amount will be determined by SMUD based on diversified load.
- d. The developer furnished and installed underground duct system (including necessary conduits, ducts, manholes, vaults, equipment, pads, and concrete encasement of conduit where required), are not eligible for the Per kW Offset Amount.
- e. The developer will not receive an offset of more than 100% of the SMUD total cost for the SMUD-installed facilities and distribution system.
- f. The Per kW Offset Amount is determined by SMUD annually based on system impact and budget.

### VI. Service at Secondary Voltage

#### A. Overhead Service

In those areas where it has been determined that SMUD will continue to serve its customer's overhead distribution and where SMUD's distribution pole line is located on a street, highway, lane, alley, road, or private easement immediately contiguous to the customer's premises, SMUD will, at its expense, furnish, install, and own a service drop from its pole line to the nearest point of attachment to the customer's building or other permanent support provided by the customer, at a point to be approved by SMUD.

#### B. Underground Service

In designated underground areas, SMUD will connect to underground service runs furnished, installed, owned, and maintained by the customer, at the customer's expense, at a service location specified by SMUD. Service run facilities shall include conductor to reach the service location, shall be subject to applicable City and County ordinances, and shall be subject to approval by SMUD as to design and specifications. No customer will be required to install facilities they own and maintain beyond a location in the public utility right of way adjacent to their property. Cost recovery of underground distribution facilities within a development will conform to the provisions of section IV. of this Rule and Regulation.

### VII. Service at Primary or Subtransmission Voltage

Wherever adequate service to a customer requires and where, in SMUD's judgment, it is desirable and practicable to do so, SMUD will install on the customer's premises a primary or subtransmission voltage supply line. This supply line will extend to the metering installations or other terminal point, as designated by SMUD.

#### A. Overhead Conductors

Where the supply line is to be overhead, SMUD will, at its expense, furnish and install the entire line and will make the necessary connections.

#### B. Underground Conductors

Where the customer requests and SMUD agrees, or where SMUD determines that the primary or subtransmission voltage supply line be underground or otherwise in conduit, in whole or in part, the customer shall furnish and install the entire conduit system including manholes, pull boxes, and pull wires as designated by SMUD. All such facilities shall be subject to approval by SMUD as to design and specifications. No customer will be required to install facilities beyond a location in the public utility right of way adjacent to the customer's property. SMUD will furnish and install the electrical conductors and make the necessary connections. Cost recovery of underground distribution facilities within a development will conform to the provisions of section IV. of this Rule and Regulation.



# **Extension of Facilities to Nonresidential Premises**

## **Rule and Regulation 16**

### **VIII. Service Connections**

SMUD will not connect to any one building more than one service for each voltage classification, either overhead or underground, except for SMUD's operating convenience, or where, in SMUD's judgment, such additional services may be warranted because of the load requirements, or where the customer is required by law to install emergency lighting facilities. Connections of such service to or disconnection of such service from SMUD's lines shall be made only by authorized SMUD employees.

### **IX. Requests for Change in Service Voltage**

Where the customer requests and SMUD consents, a change in service voltage may occur provided that all SMUD costs including unrecovered costs less salvage value, relocation costs, and site restoration costs are at the requesting customer's expense. Such change may involve all voltage level classes as defined under the applicable general service rate schedule.

### **X. Extensions for Temporary Service**

Extension for temporary service will be made under the provisions of Rule and Regulation 13, Temporary Service.

### **XI. SMUD Ownership of Facilities, Right of Access, and Right of Way**

All facilities installed on a customer's premises, including but not limited to conductors, transformer, poles, meters, etc., which SMUD furnishes in order to render electric service, shall remain the sole property of SMUD. SMUD will maintain such facilities and shall have the right of access to the customer's premises, without payment of any charge or rent therefore, at all reasonable hours for any purpose related to the furnishing of electric service. This shall include but is not limited to meter reading, testing, inspection, construction, maintenance, and repair of facilities. Upon termination of service, and for a reasonable period thereafter, SMUD shall have the right of access to the customer's premises to remove its facilities installed thereon. The customer shall grant to SMUD rights of way and rights of access, satisfactory to SMUD, for the installation and maintenance of the necessary electrical conductors and their connections.

### **XII. Customer Responsibility for Facilities**

#### **A. SMUD Facilities**

The customer shall exercise reasonable care to prevent facilities of SMUD installed on the customer's premises from being damaged or destroyed and shall refrain from tampering or interfering with such facilities, and if any defect therein is discovered by the customer, the customer shall promptly notify SMUD thereof.

#### **B. Customer Facilities**

The customer shall be solely responsible for the transmission and delivery of all electric energy over or through the customer's wires and equipment, and SMUD shall not be responsible for any loss or damage occasioned thereby. The customer shall be responsible for the installation and maintenance of all facilities not transferred to SMUD ownership, including customer-owned conduits, manholes, and vaults.

*(End)*



**DRAFT RESOLUTION -  
OPEN ACCESS TRANSMISSION TARIFF  
(OATT)**



**RESOLUTION NO. \_\_\_\_\_**

**WHEREAS**, on March 20, 2025, the Chief Executive Officer and General Manager released the “Chief Executive Officer and General Manager’s Report and Recommendation on Open Access Transmission Tariff, *Volume 1*” (the “OATT Report”), which Report is incorporated by reference herein and made a part hereof; and

**WHEREAS**, by Resolution 25-03-03, adopted March 20, 2025, a public hearing on the OATT Report was scheduled for June 4, 2025, at 6:00 p.m.; and

**WHEREAS**, notices of the hearing were duly published in the *Sacramento Bee* on March 27, April 2 and April 8, 2025; and

**WHEREAS**, pursuant to SMUD Ordinance No. 15-1, SMUD conducted the two required public workshops on April 30, 2025, and May 13, 2025, to receive and respond to customer comments and questions; and

**WHEREAS**, SMUD held two qualifying public workshops, contacted over 1,500 community organizations and neighborhood associations leaders via email, letter or phone call invitations to offer an in-person presentation, sent emails to over 271,000 customers and organizations, conducted over 40 individual presentations to community neighborhood and business organizations, over 1,100 community and business partners were provided content and were asked to share information regarding the rate proposal with their members and networks, and an additional 53 local agency elected officials were sent information packets with an offer of in-person presentations, which resulted in no meetings being held; and



**WHEREAS**, SMUD provided all customers information about the rate proposal via email, mail newsletters, and through the rate change proposal website on [www.smud.org/RateInfo](http://www.smud.org/RateInfo), which received approximately 1,570-page views; and

**WHEREAS**, the public hearing was held on June 4, 2025, and was conducted in a hybrid format; on Zoom.gov and at SMUD Headquarters. All interested persons were given an opportunity to comment and submit testimony; and

**WHEREAS**, pursuant to SMUD Ordinance No. 15-1, this resolution was duly introduced on June 4, 2025 by this Board of Directors to be circulated for a minimum of ten calendar days for public review, input and comment; and

**WHEREAS**, revisions to the yearly, monthly, weekly, daily, and hourly rates contained in the existing OATT are necessary to accurately reflect SMUD's cost of service, including:

- Schedule 1 (Scheduling, System Control and Dispatch Service); and
- Schedule 2 (Reactive Supply and Voltage Control from Generation or Other Sources Services); and
- Schedule 3 (Regulation and Frequency Response Service); and
- Schedule 5 (Operating Reserve – Spinning Reserve Service); and
- Schedule 6 (Operating Reserve – Supplemental Reserve Service);  
and
- Schedule 7 (Firm Point-to-Point Transmission Service); and
- Schedule 8 (Non-Firm Point-to-Point Transmission Service); and
- Schedule 10 (Generator Regulation and Frequency Response Service); and



**WHEREAS**, the recommendation to increase SMUD's OATT rates is based on cost of service principles and reflect SMUD's cost increases to provide transmission service uniformly to all transmission customers; and

**WHEREAS**, SMUD's OATT rates are for the use of SMUD property (e.g. transmission assets) and therefore the rates comply with Proposition 26 even without showing that such rate increases are limited to SMUD's costs; and

**WHEREAS**, this Board of Directors has carefully considered the OATT Report, and public comment and input from community meetings, public rate workshops, and noticed public hearings; and

**WHEREAS**, this Board of Directors finds that replacing the existing OATT schedules with the proposed revised OATT schedules is reasonable, in the best interests of the public and SMUD's customers, and provides a net benefit to SMUD;

**NOW, THEREFORE,**

**BE IT RESOLVED BY THE BOARD OF DIRECTORS  
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

**Section 1.** Effective July 1, 2025 SMUD's existing OATT rate tariffs shall be revised and superseded by the proposed OATT rate tariffs shown below and attached as Attachment \_\_\_\_.

- Schedule 1: (Scheduling, System Control and Dispatch Service)  
\$364.64/MW of Reserved Capacity per month;
- Schedule 2 (Reactive Supply and Voltage Control from Generation or Other Sources Services) \$87.15/MW of Reserved Capacity per month
- Schedule 3 (Regulation and Frequency Response Service)  
\$359.33/MW of Reserved Capacity per month;



- Schedule 5 (Operating Reserve – Spinning Reserve Service)  
\$8,647.36/MW of Reserved Capacity per month;
- Schedule 6 (Operating Reserve – Supplemental Reserve Service)  
\$8,914.52/MW of Reserved Capacity per month;
- Schedule 7 (Firm Point-to-Point Transmission Service)  
System Rate: \$3,219.95/MW of Reserved Capacity per month,  
COTP Rate: \$2,759.78/MW of Reserved Capacity per month;
- Schedule 8 (Non-Firm Point-to-Point Transmission Service)  
System Rate: \$1,725.10/MW of Reserved Capacity per month,  
COTP Rate: \$3,604.19/MW of Reserved Capacity per month.
- Schedule 10 (Generator Regulation and Frequency Response Service) \$359.33/MW of Reserved Capacity per month;

The yearly, weekly, daily, and hourly rates on each schedule shall be adjusted accordingly based on the time period in relation to the monthly rate.

## **Section 2. Environmental Assessment**

**1.0** Section 21080(b)(8) of the California Public Resources Code and Section 15273 of the California Environmental Quality Act (CEQA) Guidelines (California Code of Regulations, Title 14, Sections 15000, et seq.) provide that CEQA does not apply to the establishment, modification, structuring, restructuring, or approval of rates, tolls, fares, and other charges by public agencies which the public agency finds are for the purpose of:

- (A) meeting operating expenses, including employee wage rates and fringe benefits;



- (B) purchasing or leasing supplies, equipment, or materials;
- (C) meeting financial reserve needs and requirements;
- (D) obtaining funds for capital projects necessary to maintain service within existing service areas; or
- (E) obtaining funds that are necessary to maintain such intra-city transfers as are authorized by city charter.

This Board of Directors finds and declares that the proposed action reflects the reasonable costs to SMUD of providing transmission service under the OATT and that no amount of revenue obtained from this rate increase will be used for any other purpose. Therefore, the proposed action to approve a revised OATT with an effective implementation date of July 1, 2025 is for the purposes set forth in Sections 21080(b)(8)(A) through (D) of the California Public Resource Code. Therefore, this rate action is exempt from the requirements of CEQA. This finding is based upon information contained in the OATT Report.

**Section 3.** The CEO and GM, or his or her designee, is authorized to make non-substantive revisions to the OATT schedules.

**Section 4.** The new and revised OATT rate tariffs referenced in this Resolution are attached and incorporated herein as **Attachment \_\_\_\_**.

**Section 5.** To the extent there is a discrepancy between this Resolution and the new and revised OATT rate tariffs attached hereto, the new and revised rate tariffs shall control.



## **Schedule 1: Scheduling, System Control and Dispatch Service**

This service is required to schedule the movement of power through, out of, within, or into a Balancing Authority Area. This service can be provided only by the operator of the Balancing Authority Area in which the transmission facilities used for transmission service are located. Scheduling, System Control and Dispatch Service is to be provided directly by the Transmission Provider (if the Transmission Provider is the Balancing Authority Area operator) or indirectly by the Transmission Provider making arrangements with the Balancing Authority Area operator that performs this service for the Transmission Provider's Transmission System. The Transmission Customer must purchase this service from the Transmission Provider or the Balancing Authority Area operator. The charges for Scheduling, System Control and Dispatch Service are to be based on the rates set forth below. To the extent the Balancing Authority Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Balancing Authority Area operator.

Application of the Schedule 1 Ancillary Service described above will be determined on a case-specific basis as further provided in SMUD's OATT Business Practices document posted on its publicly accessible OASIS website.

- 1) Yearly delivery: \$4,375.73/MW of Reserved Capacity per year.
- 2) Monthly delivery: \$364.64/MW of Reserved Capacity per month.
- 3) Weekly delivery: \$84.15/MW of Reserved Capacity per week.
- 4) Daily delivery: \$16.83/MW of Reserved Capacity per day.
- 5) Hourly delivery: \$1.0519/MW of Reserved Capacity per hour.



## **Schedule 2: Reactive Supply and Voltage Control From Generation or Other Sources Service**

In order to maintain transmission voltages on the Transmission Provider's transmission facilities within acceptable limits, generation facilities and non-generation resources capable of providing this service that are under the control of the Balancing Authority Area operator are operated to produce (or absorb) reactive power. Thus, Reactive Supply and Voltage Control from Generation or Other Sources Service must be provided for each transaction on the Transmission Provider's transmission facilities. The amount of Reactive Supply and Voltage Control from Generation or Other Sources Service that must be supplied with respect to the Transmission Customer's transaction will be determined based on the reactive power support necessary to maintain transmission voltages within limits that are generally accepted in the region and consistently adhered to by the Transmission Provider.

Reactive Supply and Voltage Control from Generation or Other Sources Service is to be provided directly by the Transmission Provider (if the Transmission Provider is the Balancing Authority Area operator) or indirectly by the Transmission Provider making arrangements with the Balancing Authority Area operator that performs this service for the Transmission Provider's Transmission System. The Transmission Customer must purchase this service from the Transmission Provider or the Balancing Authority Area operator. The charges for such service will be based on the rates set forth below. To the extent the Balancing Authority Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by the Balancing Authority Area operator.

Application of the Schedule 2 Ancillary Service described above will be determined on a case-specific basis as further provided in SMUD's OATT Business Practices document posted on its publicly accessible OASIS website.

The Transmission Customer shall compensate the Transmission Provider each month up to the sum of the applicable charges set forth below:

Reactive Supply and Voltage Control from Generation Sources Service for Network Integration Service Customers under Part III of the Tariff:

\$132.69/MW per month times the Transmission Customer's monthly coincident peak demand.

Reactive Supply and Voltage Control from Generation Sources Service for Point-to-Point Transmission Customers under Part II of the Tariff:

- 1) Yearly delivery: \$1,045.78/MW of Reserved Capacity per year.
- 2) Monthly delivery: \$87.15/MW of Reserved Capacity per month.
- 3) Weekly delivery: \$20.11/MW of Reserved Capacity per week.
- 4) Daily delivery: \$4.02/MW of Reserved Capacity per day.



5) Hourly delivery:       \$0.2514/MW of Reserved Capacity per hour.

The total charge for Reactive Supply and Voltage Control from Generation Sources Service in any day, pursuant to a reservation for Hourly delivery, shall not exceed the rate specified in section (4) above times the highest amount in Megawatts of Reserved Capacity in any hour during such day. In addition, the total charge for Reactive Supply and Voltage Control from Generation Sources Service in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the rate specified in section (3) above times the highest amount in Megawatts of Reserved Capacity in any hour or day during such week.

However, such rates shall not include any charges associated with the compensation to a generating facility for the supply of reactive power within the power factor range specified in its interconnection agreement.



## **Schedule 3: Regulation and Frequency Response Service**

Regulation and Frequency Response Service is necessary to provide for the continuous balancing of resources (generation and interchange) with load and for maintaining scheduled Interconnection frequency at sixty cycles per second (60 Hz). Regulation and Frequency Response Service is accomplished by committing on-line generation whose output is raised or lowered (predominantly through the use of automatic generating control equipment) and by other non-generation resources capable of providing this service as necessary to follow the moment-by-moment changes in load. The obligation to maintain this balance between resources and load lies with the Transmission Provider (or the Balancing Authority Area operator that performs this function for the Transmission Provider). The Transmission Provider must offer this service when the transmission service is used to serve load within its Balancing Authority Area. The Transmission Customer Balancing Authority Area must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Regulation and Frequency Response Service obligation. The amount of and charges for Regulation and Frequency Response Service are set forth below. To the extent the Balancing Authority Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Balancing Authority Area operator.

Application of the Schedule 3 Ancillary Service described above will be determined on a case-specific basis as further provided in SMUD's OATT Business Practices document posted on its publicly accessible OASIS website.

The Transmission Customer shall compensate the Transmission Provider each month up to the sum of the applicable charges set forth below:

Regulation and Frequency Response Service for Network Integration Service  
Transmission Customers under Part III of the Tariff:

\$547.11/MW per month times the Transmission Customer's monthly coincident peak demand. However, if the Transmission Customer's average of the highest daily difference between the Transmission Customer's instantaneous demand in an hour and its schedule in that hour exceeds 4.5% or is less than 3.5% in any month, the Transmission Customer will be assessed a charge based on the rate above times the ratio of the actual percentage to 4.0%.

Regulation and Frequency Response Service for Point-to-Point Transmission Customers  
under Part II of the Tariff:

- 1) Yearly delivery: \$4,311.97/MW of Reserved Capacity per year.
- 2) Monthly delivery: \$359.33/MW of Reserved Capacity per month.
- 3) Weekly delivery: \$82.92/MW of Reserved Capacity per week.
- 4) Daily delivery: \$16.58/MW of Reserved Capacity per day.



5) Hourly delivery:       \$1.0365/MW of Reserved Capacity per hour.

The total charge for Regulation and Frequency Response Service in any day, pursuant to a reservation for Hourly delivery, shall not exceed the rate specified in section (4) above times the highest amount in Megawatts of Reserved Capacity in any hour during such day. In addition, the total charge for Regulation and Frequency Response Service in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the rate specified in section (3) above times the highest amount in Megawatts of Reserved Capacity in any hour or day during such week.



## Schedule 5: Operating Reserve – Spinning Reserve Service

Spinning Reserve Service is needed to serve load immediately in the event of a system contingency. Spinning Reserve Service may be provided by generating units that are on-line and loaded at less than maximum output and by non-generation resources capable of providing this service to the extent that such non-generation resources meet applicable NERC standards or criteria for such services. The Transmission Provider must offer this service when the transmission service is used to serve load within its Balancing Authority Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Spinning Reserve Service obligation. The amount of and charges for Spinning Reserve Service are set forth below. To the extent the Balancing Authority Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Balancing Authority Area operator.

Application of the Schedule 5 Ancillary Service described above will be determined on a case-specific basis as further provided in SMUD's OATT Business Practices document posted on its publicly accessible OASIS website.

The Transmission Customer shall compensate the Transmission Provider each month up to the sum of the applicable charges set forth below:

Operating Reserve - Spinning Reserve Service for Network Integration Transmission Customers under Part III of the Tariff:

Demand Charge: \$8,647.36/MW/Month times the Transmission Customer's Load Ratio Share of the Transmission Provider's spinning reserve requirement.

Energy Charge: 110% of the Transmission Provider's system incremental cost (SIC) provided, that to the extent purchased energy forms the basis for the SIC, the rate for the purchased energy portion of the service shall equal the SIC. Energy is only available in emergencies and for up to 30 minutes.

Operating Reserve - Spinning Reserve Service for Point-to-Point Transmission Customers under Part II of the Tariff:

Demand Charge: The charge below times the Transmission Provider's spinning reserve requirement multiplied by the ratio of the Transmission Customer's Reserved Capacity divided by the Transmission Provider's annual peak.

- 1) Yearly delivery: \$103,768.34/MW per year.
- 2) Monthly delivery: \$8,647.36/MW per month.
- 3) Weekly delivery: \$1,995.55/MW per week.
- 4) Daily delivery: \$399.11/MW per day.
- 5) Hourly delivery: \$24.9443/MW per hour.



The total charge for Operating Reserve - Spinning Reserve Service in any day, pursuant to a reservation for Hourly delivery, shall not exceed the rate specified in section (4) above times the highest amount in Megawatts of Reserved Capacity in any hour during such day. In addition, the total charge for Operating Reserve - Spinning Reserve Service in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the rate specified in section (3) above times the highest amount in Megawatts of Reserved Capacity in any hour or day during such week.

Energy Charge: 110% of the Transmission Provider's system incremental cost (SIC) provided, that to the extent purchased energy forms the basis for the SIC, the rate for the purchased energy portion of the service shall equal the SIC. Energy is only available in emergencies and for up to 30 minutes.



## **Schedule 6: Operating Reserve – Supplemental Reserve Service**

Supplemental Reserve Service is needed to serve load in the event of a system contingency; however, it is not available immediately to serve load but rather within a short period of time. Supplemental Reserve Service may be provided by generating units that are on-line but unloaded, by quick-start generation or by interruptible load or other non-generation resources capable of providing this service. The Transmission Provider must offer this service when the transmission service is used to serve load within its Balancing Authority Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Supplemental Reserve Service obligation. The amount of and charges for Supplemental Reserve Service are set forth below. To the extent the Balancing Authority Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Balancing Authority Area operator.

Application of the Schedule 6 Ancillary Service described above will be determined on a case-specific basis as further provided in SMUD's OATT Business Practices document posted on its publicly accessible OASIS website.

The Transmission Customer shall compensate the Transmission Provider each month up to the sum of the applicable charges set forth below:

Operating Reserve - Supplemental Reserve Service for Network Integration  
Transmission Customers under Part III of the Tariff:

Demand Charge: \$8,914.52/MW/Month times the Transmission Customer's Load Ratio Share of the Transmission Provider's supplemental reserve requirement.

Energy Charge: 110% of the Transmission Provider's system incremental cost (SIC) provided, that to the extent purchased energy forms the basis for the SIC, the rate for the purchased energy portion of the service shall equal the SIC. Energy is only available in emergencies and for up to 30 minutes.

Operating Reserve - Supplemental Reserve Service for Point-to-Point Transmission  
Customers under Part II of the Tariff:

Demand Charge: The charge below times the Transmission Provider's supplemental reserve requirement multiplied by the ratio of the Transmission Customer's Reserved Capacity divided by the Transmission Provider's annual peak.

1) Yearly delivery: \$106,974.22/MW per year.

2) Monthly delivery: \$8,914.52/MW per month.

3) Weekly delivery: \$2,057.20/MW per week.

4) Daily delivery: \$411.44/MW per day.



5) Hourly delivery: \$25.7150/MW per hour.

The total charge for Operating Reserve - Supplemental Reserve Service in any day, pursuant to a reservation for Hourly delivery, shall not exceed the rate specified in section (4) above times the highest amount in Megawatts of Reserved Capacity in any hour during such day. In addition, the total charge for Operating Reserve - Supplemental Reserve Service in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the rate specified in section (3) above times the highest amount in Megawatts of Reserved Capacity in any hour or day during such week.

Energy Charge: 110% of the Transmission Provider's system incremental cost (SIC) provided, that to the extent purchased energy forms the basis for the SIC, the rate for the purchased energy portion of the service shall equal the SIC. Energy is only available in emergencies and for up to 30 minutes.



## **Schedule 7: Firm Point-to-Point Transmission Service**

The Transmission Customer shall compensate the Transmission Provider each month for Firm Point-to-Point Reserved Capacity at the sum of the applicable charges set forth below. The charge herein shall be that agreed upon by the Parties at the time service is reserved.

### **1. Yearly delivery:**

System Rate: \$38,639.36/MW per year.

COTP Rate: \$33,117.35/MW per year.

### **2. Monthly delivery:**

System Rate: \$3,219.95/MW per month.

COTP Rate: \$2,759.78/MW per month.

### **3. Weekly delivery:**

System Rate: \$743.06/MW per week.

COTP Rate: \$636.87/MW per week.

### **4. Daily delivery:**

System Rate: \$148.61/MW per day.

COTP Rate: \$127.37/MW per day.

### **5. Hourly delivery:**

System Rate: \$9.2883/MW per hour.

COTP Rate: \$7.9609/MW per hour.

The total demand charge in any day, pursuant to a reservation for Hourly delivery, shall not exceed the rate specified in section (4) above times the highest amount in Megawatts of Reserved Capacity in any hour during such day. In addition, the total demand charge in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the rate specified in section (3) above times the highest amount in Megawatts of Reserved Capacity in any hour or day during such week.

### **6. Discounts:**

Three principal requirements apply to discounts for transmission service as follows (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS; (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an Affiliate's use) must occur solely by posting on the OASIS; and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery



on the Transmission System.

**7. Resales:**

The rates and rules governing charges and discounts stated above shall not apply to resales of transmission service, compensation for which shall be governed by Section 23.1 of the Tariff.



## **Schedule 8: Non-Firm Point-to-Point Transmission Service**

The Transmission Customer shall compensate the Transmission Provider each month for Non-Firm Point-to-Point Reserved Capacity at the sum of the applicable charges set forth below. The charge herein shall be that agreed upon by the Parties at the time service is reserved.

### **1. Yearly delivery:**

System Rate: \$20,701.25/MW per year.

COTP Rate: \$43,250.27/MW per year.

### **2. Monthly delivery:**

System Rate: \$1,725.10/MW per month.

COTP Rate: \$3,604.19/MW per month.

### **3. Weekly delivery:**

System Rate: \$398.10/MW per week.

COTP Rate: \$831.74/MW per week.

### **4. Daily delivery:**

System Rate: \$79.62/MW per day.

COTP Rate: \$166.35/MW per day.

### **5. Hourly delivery:**

System Rate: \$7.1745/MW per hour.

COTP Rate: \$10.3967/MW per hour.

The total demand charge in any day, pursuant to a reservation for Hourly delivery, shall not exceed the rate specified in section (4) above times the highest amount in Megawatts of Reserved Capacity in any hour during such day. In addition, the total demand charge in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the rate specified in section (3) above times the highest amount in Megawatts of Reserved Capacity in any hour or day during such week.

### **6. Discounts:**

Three principal requirements apply to discounts for transmission service as follows (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an Affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery



on the Transmission System.

**7. Resales:**

The rates and rules governing charges and discounts stated above shall not apply to resales of transmission service, compensation for which shall be governed by Section 23.1 of the Tariff.



## Schedule 10: Generator Regulation and Frequency Response Service

Generator Regulation and Frequency Response Service is necessary to provide for the continuous balancing of resources (generation and interchange) with load and for maintaining scheduled Interconnection frequency at sixty cycles per second (60 Hz). Generator Regulation and Frequency Response Service is accomplished by committing on-line generation whose output is raised or lowered (predominantly through the use of automatic generating control equipment) and/or by other non-generation resources capable of providing this service as necessary to follow the moment-by-moment changes in generation output. The obligation to maintain this balance between resources and load lies with the Transmission Provider (or the Balancing Authority that performs this function for the Transmission Provider). The Transmission Provider (or the Balancing Authority that performs this function for the Transmission Provider) must offer this service when Transmission Service is used to deliver energy from a generator physically or electrically located within its Balancing Authority Area. The Transmission Customer or generator must either purchase this service from the Transmission Provider or make alternative comparable arrangements, which may include use of non-generation resources or processes capable of providing this service, to satisfy its Generator Regulation and Frequency Response Service obligation. The amount of and charges for Generator Regulation and Frequency Response Service are set forth below. To the extent the Balancing Authority performs this service for the Transmission Provider, charges to the Transmission Customer or generator are to reflect only a pass-through of the costs charged to the Transmission Provider by that Balancing Authority.

Application of the Schedule 10 Ancillary Service described above will be determined on a case-specific basis as further provided in SMUD's OATT Business Practices document posted on its publicly accessible OASIS website.

The Transmission Customer shall compensate the Transmission Provider each month up to the sum of the applicable charges set forth below:

Regulation and Frequency Response Service for Network Integration Service  
Transmission Customers under Part III of the Tariff:

\$547.11/MW per month times the Transmission Customer's monthly coincident peak demand. However, if the Transmission Customer's average of the highest daily difference between the Transmission Customer's instantaneous demand in an hour and its schedule in that hour exceeds 4.5% or is less than 3.5% in any month, the Transmission Customer will be assessed a charge based on the rate above times the ratio of the actual percentage to 4.0%.

Regulation and Frequency Response Service for Point-to-Point Transmission Customers  
under Part II of the Tariff:

- 1) Yearly delivery: \$4,311.97/MW of Reserved Capacity per year.
- 2) Monthly delivery: \$359.33/MW of Reserved Capacity per month.
- 3) Weekly delivery: \$82.92/MW of Reserved Capacity per week.
- 4) Daily delivery: \$16.58/MW of Reserved Capacity per day.



5) Hourly delivery:           \$1.0365/MW of Reserved Capacity per hour

The total charge for Regulation and Frequency Response Service in any day, pursuant to a reservation for Hourly delivery, shall not exceed the rate specified in section (4) above times the highest amount in Megawatts of Reserved Capacity in any hour during such day. In addition, the total charge for Regulation and Frequency Response Service in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the rate specified in section (3) above times the highest amount in Megawatts of Reserved Capacity in any hour or day during such week.