Exhibit to Agenda Item #2

Discuss ratifying the Chief Executive Officer and General Manager's execution of an emergency direct procurement contract between SMUD and **W. A. Chester America, LLC**, in the amount of up to $2.5 million for fault line and transition joint repair work for the 115kV Station E to Station G Line 1 Underground high-pressure oil filled (HPOF) cable fault.

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

Tuesday, August 18, 2026, scheduled to begin at 6:00 p.m.

SMUD Headquarters Building, Auditorium

Overview

- On August 1, 2026, a fault occurred in the 115kV Station E to Station G Underground high-pressure oil filed (HPOF) cable fault and transition joint.
- W. A. Chester America, LLC (WA Chester) is one of a handful of contractors with the skillset to repair and install HPOF cable and associated components.
- Upon discovery, staff immediately took action to mitigate, and WA Chester will be able to mobilize crews to the site and begin repair work at the end of August 2026.
- This work is vital to ensure reliability of service and to onboard critical new load with a pressing need for service.

Cable Fault on Line 1 in Basement of Station G

- B Phase cable failure on August 1st at 11am in the basement of Station G. This is the same type of cable failure on the same line as last year.
    - SMUD Engineering is re-evaluating splice joint configuration alternatives
- Through prudent planning and stewardship, SMUD's Warehouse Operations has materials on-hand.
    - Staff is negotiating with materials supplier to add two additional years to material warranty
        - Current warranty is one year from installation
- Anticipate all repairs and testing to be completed by early October 2026 and Line 1 back in service.

Transition Joint Line 1 Fault in Basement of Station G

Requested Action

Ratify the Chief Executive Officer and General Manager's execution of an emergency direct procurement contract between SMUD and W. A. Chester America, LLC, in the amount of up to $2.5 million for fault line and transition joint repair work for the 115kV Station E to Station G Line 1 Underground high-pressure oil filled (HPOF) cable fault.