



# 2025 Budget

Sacramento Municipal Utility District

Powering forward. Together.



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# CEO & GM 2025 Budget Letter





October 30, 2024  
GM 24-161

Board of Directors

**Re: SMUD 2025 Budget**

Dear Board Members:

I'm pleased to present SMUD's proposed 2025 Budget of \$2.3 billion. It provides funding for Operations and Maintenance (O&M), Public Good and Capital Programs needed to successfully meet the Board's Strategic Directions. The 2025 Budget maintains compliance with legislative and regulatory requirements and provides a pathway for continued progress on our 2030 Clean Energy Vision. Staff will present detailed information at the Finance & Audit Committee meetings on Nov. 6 and 7. The 2025 Budget supports the following three priorities: Infrastructure Investment, 2030 Zero Carbon Plan and Community Impact.

Executive Summary

Every year, we look holistically at our budget, programs, projects and initiatives to make sure SMUD continues to deliver value to our customers and community. The 2025 Budget funds activities that are important to support the needs of our customers and community today, while also supporting our long-term success and leadership position, including investments to meet carbon reduction mandates, maintaining and improving our infrastructure and delivering positive community impact through our many community programs and outreach. The 2025 Budget also continues to ensure SMUD's responsible and sustainable financial stewardship and our commitment to keeping rates increases at or below inflation and our customers' bills among the lowest in California. Our rates continue to be some of the lowest in California and are currently more than 50% lower than PG&E, on average.

Our O&M and Public Good budgets (lines b and c in the following table) are increasing by \$40 million. Key initiatives in our 2025 proposed O&M and Public Good budgets include our Community Impact Plan, transportation and building electrification incentives and load flexibility programs. The O&M budget also includes funding for equipment maintenance, vegetation management, wildfire mitigation, cybersecurity and property and casualty insurance. We continue to minimize budget impacts from these items through ongoing Operational Excellence initiatives and securing grant funding, which helps reduce the impact of many increases outside our control. Our goal is to ensure every dollar we spend delivers the most value possible.

Our Capital budget (line e) is increasing by \$57 million as we ramp up our investments in our infrastructure and clean energy solutions. Major capital projects for 2025 include:

## SMUD 2025 Budget

- Connected Clean PowerCity (CCPC) projects: Grid Edge Intelligence and Outage Management System (OMS) replacement.
- Rebuilding the Elverta (El Rio) Substation.
- Ongoing construction for the Country Acres solar and storage project.
- Designing and planning for our new Folsom Administrative Operations Building.
- Preparing to upgrade our Enterprise Resource Planning (ERP) software.

The 2025 Budget authorizes 2,295 full-time positions, an increase of 45 positions, primarily for our field operations staff and additions to our field apprentice classes. Also included is funding for our future workforce pipeline needs and flexibility for shorter-term needs, with limited-term, student and part-time positions, to support and implement our grants.

In 2025, we expect a \$38 million increase in our Commodity budget (line a). Commodity spending allows SMUD to meet energy and peak capacity needs and maintain reliability for our customers. Higher system peak load will require us to increase resource adequacy (RA) purchases, which have increased significantly in cost. SMUD will also continue our commodity hedging to manage market price volatility for power and natural gas. The 2025 Budget includes assumptions for a normal water year.

We recognize the potential for new growth in our service area and have maintained conservative planning assumptions so we can act nimbly as business conditions change. To manage potential impacts to our budget and operations, we'll monitor these and other factors throughout the year, including the local economy, construction costs and any supply chain and labor constraints.

In total, the 2025 Budget allows us to:

- Execute on our vision to provide safe, reliable, clean and affordable energy.
- Maintain reliable service—today and in the future—through strong investments in our grid and other infrastructure.
- Invest in a clean energy future to benefit all Sacramento communities.
- Have prudent financial management, which focuses on alignment of key priorities while meeting key financial metrics.

### Budget Breakdown

The table below provides a brief overview of the proposed 2025 Budget compared to the 2024 Budget.

	2024 (\$M)	2025 (\$M)	Change (\$M)
Commodity (a)	\$572	\$610	\$38
Public Good excluding subsidies (b)	68	68	(0)
Other O&M (c)	746	786	40
<b>Subtotal</b>	<b>\$1,386</b>	<b>\$1,464</b>	<b>\$78</b>
Debt Service (d)	202	205	3
Capital (e)	555	612	57
<b>Total Budget Authorization</b>	<b>\$2,143</b>	<b>\$2,281</b>	<b>\$138</b>

*Totals may reflect minor rounding differences.*





### Additional Budget Details

The following sections provide details on the major initiatives, projects and programs funded and prioritized in the proposed 2025 Budget, grouped by our budget priorities and aligned to the Board's Strategic Directions (SD).

### Infrastructure Investment

In support of SD-4, SD-6, SD-8, SD-11, SD-14, SD-16 and SD-17

Maintaining world-class reliability is critical to our success, and we continue to invest in our infrastructure to ensure our grid stays reliable. Infrastructure investment for SMUD also applies to safety, our employees, managing our risk, information security and our public power business model.

The 2025 Budget includes funding to ensure our transmission and distribution systems have sufficient capacity and load serving capability to serve the needs of our customers safely, reliably and cost-effectively, while meeting regulatory compliance requirements. Key initiatives in 2025 include:

- **Reliability or load growth-driven initiatives:**
  - **Add Pocket Bank #3:** A multi-year project to install a third 230/69kV bulk transformer at Pocket Substations and associated 69kV line work to integrate the new capacity into the existing 69kV line.
  - **Pole Clearing Area (PCA) Recloser Installation:** Installing Supervisory Control and Data Acquisition (SCADA) enabled reclosers on 12kV feeders that serve SMUD's customers in the PCA.
  - **24<sup>th</sup> Gardendale 12kV Reconducting:** Investment to provide necessary feeder capacity during an emergency event.
- **Folsom Administrative Operations Building (FAOB):** A multi-year project to replace the existing Energy Management Center (EMC) building. Design and site work will begin in 2025.
- **Substation investments:** \$147 million to add capacity to support reliability and load growth. \$35 million for Elverta (El Rio) substation upgrades, \$7 million for the Delta Shores substation and \$4 million for the Station G expansion.
- **Vegetation management & wildfire mitigation:** \$56 million for reliability and risk reduction for wildfire.
- **Pole and cable replacements:** \$30 million to replace 600 poles and 200,000 circuit feet of underground cable.
- **Storm response:** The 2025 Budget accounts for our new storm staffing levels, including training and equipment to maintain a high state of storm readiness and continuous storm management improvements.
- **Maintain reliability and compliance of power generation assets, including:**
  - Purchasing replacement and spare transformers for the Upper American River Project (UARP) Hydro, Cosumnes Power Plant (CPP) and Solano Wind due to their long lead time of 3 or more years.

- UARP unit breakers and switchgear upgrades, Camino Unit 1 Rewind, and Camino Transformer Replacement.
- Thermal plant overhauls to maintain reliable operations, including Carson Peaker engine controls and upgrades, Campbell Universal Power Supply system upgrades, Procter Steam Turbine controls upgrade and Thermal Transition engineering studies.

We continue to implement safety initiatives that maintain SMUD's position as a recognized safety leader and keep the safety of our employees, contractors and the public a top priority. In 2025, we'll continue to make progress with our Safety Road Map and further our journey toward our zero-incident goal. Key initiatives in 2025 include:

- Piloting Artificial Intelligence (AI) technology to determine how it can further prevent workplace injuries.
- Support field operations and expand mitigation measures to reduce hazards.
- Continue enhancements to promote SMUD's Public Safety program, including an increase in safety and emergency support services partnerships in the city and county, enhancing SMUD's field construction contractor safety and oversight and improving our motorized vehicle and fleet safety program.

Maintaining a positive employee experience and strengthening SMUD's talent pipeline are top priorities again in 2025. Investments in our talent continue to be critical to developing and enabling a culture that will sustain SMUD's clean energy efforts in a fast-changing industry and world. Equally important are the strong collaborations we're forging across the company to collectively build a diverse workforce, foster an inclusive culture and create a lasting community impact. Key investments include:

- Continuing to attract and retain employees and enhance the candidate experience to support SMUD's reputation as a top regional employer. Efforts include enhancing the analysis of talent sourcing and outreach, incorporating the 2024 Engagement Survey findings and improving education on SMUD's Total Rewards offerings.
- Negotiating new Memoranda of Understanding (MOUs) with the International Brotherhood of Electrical Workers (IBEW) and the Organization of SMUD Employees (OSE) with total compensation packages that meet SMUD's financial targets, while maintaining competitive pay, safety in the workplace, employee engagement and positive labor-management relations between SMUD and the bargaining units.
- Implementing the new Paid Family Leave program and bolstering Short-Term and Long-Term Disability Insurance benefits to support employees in caring for family members, child bonding, military assistance and their own serious medical situations.
- Continuing Strategic Workforce Planning and Succession Planning to secure, grow, and engage talent and leadership needs now and in the future. This will be done by monitoring, updating and encouraging stakeholders to complete action plans for key



roles across SMUD and ensuring we embed Diversity, Equity, Inclusion and Belonging (DEIB) into this work.

- Continuing to review and enhance job descriptions with a focus on modernizing, incorporating brand voice language and applying a DEIB lens.
- Increasing DEIB, career and leadership development, learning and training programs and opportunities for all SMUD employees.

We'll continue to promote the public power business model and advocate for policies that provide us with the flexibility to pursue innovative solutions that meet the needs of our customers and community while providing safe, reliable, affordable and sustainable electricity. Key initiatives in 2025 include:

- Advocating at the legislature and relevant regulatory agencies to retain Cap-and-Trade utility allowances and Low Carbon Fuel Standard credits.
- Advocating for regulatory changes that recognize the environmental benefits of carbon capture and sequestration technology and the need for streamlined permitting.
- Providing input to key legislative and regulatory proceedings to ensure that any proposed legislation or regulations align with our business objectives and provide necessary flexibility.
- Advocating at the legislature in support of the West-Wide Governance Pathway Initiative.

In 2025, staff will continue working with several local jurisdictions on the following multi-year undergrounding projects. Altogether, these projects will underground approximately 3.1 miles of existing overhead lines.

- **Citrus Heights:** Auburn Blvd. (from Rusch Park to I-80), with a planned construction start date in 2025.
- **Elk Grove:** Elk Grove Blvd. (between Waterman & School Streets), with a planned construction start date in 2025.
- **Sacramento County:** Greenback Lane (from Chestnut to Folsom City limit), with a planned construction start date in 2026.
- **Sacramento County:** Anticipate start of detailed planning discussions for their proposed project on Arden Way between Heskett Way to Morse Ave.

Technology has become the backbone of how SMUD does business. The 2025 Budget funds information management solutions and strategies to effectively manage cyber risk and enable SMUD's people, processes and technology to securely accomplish business priorities. This includes maintaining compliance and continuing to own and operate the Bulk Electric System. Key initiatives in 2025 include:

- **Next Generation Utility Roadmap:** CCPC Grant work, which includes deploying 200,000 meters with up to eight distributed intelligence apps enabling several use cases:

- Transformer situational awareness, PV and EV management, location awareness and automated (non-supervisory) SCADA.
- Control and data acquisition for substation management and implement five-minute interval data for peak load management.
- Continue replacement of the OMS to modernize system communication and deploy up to 300 cellular Distribution Automation network devices.
- Move forward on enhanced Distributed Energy Resource Management System (DERMS) integration with Advanced Distribution Management System (ADMS) to increase two-way management of Distributed Energy Resources (DERs).
- Complete planning work for fiber optic cable installs to improve communication between Next Generation Utility elements.
- Continuing to transition our core SAP ERP system to the S/4 HANA platform by completing the request for proposal, pre-work, organizational readiness and selecting an implementation partner. S/4 HANA brings SMUD in line with the newest supported system which is a major generational replacement and will help SMUD optimize and modernize the way work is performed with improved productivity, faster accomplishment of work, increased speed of reporting, and increased accuracy of data.
- Maintaining compliance with North American Electric Reliability Corporation (NERC) Critical Infrastructure Plan (CIP) standards. In 2025, we'll complete the work necessary to facilitate a 2025 Western Energy Coordinating Council (WECC) audit, and plan for and implement improvements to become compliant with new, expanded CIP standard requirements that will be enforceable in 2026.
- Continue rolling out the Zero Trust architecture and executing our Zero Trust strategy.
- Enhancing necessary cybersecurity risk processes and procedures with a focus on processes that are related to third party partnerships.

Lastly, effectively managing risk is crucial to all the work we do. We initiated a refresh of our Enterprise Risk Management program with the help of a maturity assessment by KPMG Advisory Services, a global consulting firm. Changes to the program were presented to the Policy Committee in June 2024 and the changes will take effect over the next year, including quarterly Board reporting, reorganization of risks and greater communication.

### **2030 Zero Carbon Plan**

In support of SD-2, SD-3, SD-7, SD-9, SD-10 and SD-19

We continue to make good progress toward our 2030 Zero Carbon Plan and our goal to reach zero carbon in our energy supply by 2030. Creating a clean energy future includes much more than removing carbon from our power supply. Electrification of buildings and vehicles is a key component, as they're the largest carbon-emitting sectors in California. Our 2025 Budget also ensures we are maintaining low rates for our customers, expanding our environmental leadership and exploring innovative and new business opportunities.

SMUD is recognized as an environmental leader in our state, country and around the world. Our commitment to deliver clean, reliable and safe power to our community is unmatched, and we work hard to keep rates low and improve the lives of our customers and community. We're always working to reduce our impact on the environment, conserve resources and improve the environment for current and future generations. Key initiatives in 2025 include:

- Improving overall SMUD fleet fuel economy through Zero Emission Vehicle acquisition and implementation, idle mitigation and additional purchase and implementation of hybrid vehicles and electric equipment options.
- Increasing participation in volunteer events for the community that demonstrate SMUD's commitment to environmental leadership.
- Completing the CPP thermal transition turn down project. This will allow CPP to operate at lower capacity levels, which enables greater optimization resulting in reductions in annual emissions and fuel costs while maintaining system reliability needs. The enhancements to CPP are estimated to reduce emissions by 27%, while allowing more operational flexibility. Fuel savings are expected to pay back the capital costs in about three years.
- Implementing equitably priced EV charging infrastructure and technology solutions for multifamily and high-mileage, on-demand transportation services through Fast and Available Charging for All Californians (FAST) and Reliable, Equitable, and Accessible Charging for Multi-family Housing (REACH) 2.0 grants.
- Expanding building electrification and efficiency by leveraging new external funding (California's Equitable Building Decarbonization Program, TECH Clean California, Inflation Reduction Act Home Efficiency Rebates and the Home Electrification and Appliance Rebates programs) to complement program incentives and develop a financing approach to address upfront capital investment barriers, while delivering energy and bill savings to customers. For Small and Medium Business customers, we'll focus on heat pumps for space and water heating, kitchen electrification measures and infrastructure upgrade support.
- Expanding our biodiversity and habitat conservation efforts by connecting with a new regional collaborative of land trusts to leverage SMUD's efforts and increase habitat connectivity.

In 2025, we'll implement our Strategic Investment Plan with 3-, 5- and 10-year views of where we need to ramp up, hold steady or ramp down our work to achieve our strategic goals and objectives. Additionally, we'll incorporate best practices discovered through an enterprise-wide cost benchmarking study into our Strategic Investment Plan. We'll also focus on specific Operational Excellence initiatives to drive efficiency and reduce costs across SMUD to continue to keep our rates low for our customers. For example, we're updating our technology infrastructure to enable us to participate in the CAISO's Extended Day-Ahead Market (EDAM) in 2027. Participating in EDAM will enable SMUD to optimize its hydroelectric generation, resulting in expected annual benefits of over \$5 million, while reducing the curtailment of renewable resources in the Western region.

In implementing our 2030 Zero Carbon Plan, we're reimagining our power generation portfolio by replacing/retooling our natural gas assets, expanding local and regional investments in proven clean technologies and launching pilot projects and programs for new and emerging technologies. Key initiatives in 2025 include:

- Continuing construction on the 344 MW solar and 172 MW 4-hour battery Country Acres project.
- Continuing to develop the Solano 5 project.
- Advancing the Solar for Schools community microgrid system offering with 2 pilot projects:
  - Supporting engineering and design for selected hosts and initiating the construction of 2 Solar for Schools community microgrid systems.
  - Providing solar shares to the local community and a resilience center with battery storage and Vehicle-to-Grid (V2G) buses to support energy needs during extended outages.
- Increasing energy efficiency, electrification, weatherization and EV readiness for our low- and median-income customers, including owners and renters, in under-resourced communities, leveraging multiple grant funding sources to amplify impact.
- Completing the Integrated Distribution Resources Plan, assessing the impacts of electrification over the next 15 years and finding opportunities for mitigation through DERs.
- Negotiating and executing PPAs for up to 250 MW of regional wind, 65 MW of regional geothermal, 940 MW of local battery storage and 1,310 MW of local solar photovoltaic (PV).

Research, development and new business models help us deliver innovative solutions, products and services to our customers. In 2025, we'll further align our research with strategic partnerships and grants to meet the needs of our 2030 Clean Energy Vision. We'll focus on researching and deploying technologies, projects and programs that can address critical gaps in current initiatives and/or accelerate the implementation of emerging projects. Key initiatives in 2025 include:

- Installing and demonstrating behind-the-meter residential battery virtual power plants at multifamily complexes (100 batteries, >0.5 MW).
- Deploying DC Fast Chargers at the Sacramento International Airport, Sacramento Valley Amtrak Station and Sacramento State University as part of the \$2.9 million FAST grant awarded to SMUD by the California Energy Commission (CEC).
- Cooperating with regional peers for early-stage hydrogen projects focused on mobility fueling solutions and The Alliance for Renewable Clean Hydrogen Energy Systems (ARCHES), which strategically positions SMUD within a future hydrogen ecosystem.
- Completing ongoing work with the energy warehouses and initiating engineering, procurement and construction for the energy centers to advance technology and commercial readiness of the ESS iron flow Long Duration Energy Storage (LDES) batteries.

- Demonstrating technological leadership in bringing AI into SMUD to create new products and services, improve decision speed and quality and increase operational efficiency. This includes implementing off-the-shelf and specialized Large Language Model (LLM) chatbot implementations.

Broadening and diversifying our products and services is a key value for SMUD. We continue to pursue opportunities that align zero-carbon initiatives with diversified business opportunities that will benefit our customers and community, create economic value, achieve a balanced and diversified portfolio and leverage our strengths, all while maintaining our financial health and reputation. Key initiatives in 2025 include:

- Developing a larger business attraction strategy for the regional battery and semi-conductor manufacturing initiative. SMUD is well positioned to spearhead a regional battery and semi-conductor manufacturing initiative to bring the community and battery industries together, while providing a local market and economic-growth advantage to be established in our region. SMUD will also seek opportunities with the companies developing/promoting new or emerging technologies that meet the zero-carbon goal.
- Supporting the California Mobility Center by implementing the Department of Labor and City of Sacramento grants.

### **Community Impact**

In support of SD-5, SD-13 and SD-15

SMUD is deeply embedded within the communities we serve. Through interactions with customers, economic development, public events and regional workforce programs, we are truly making a difference in the everyday lives of our customers. In 2025, we'll continue to deliver on the needs of our customers, focusing on outreach, education, customer technology enhancements and awareness to achieve a carbon-free future by 2030 that our customers can equitably participate in.

We continue to position SMUD as the authority on how to accelerate decarbonization safely, reliably, affordably and equitably. Key initiatives in 2025 include:

- Launching new multi-language educational campaigns: Share ideas, tips, information and resources with customers so they can reduce their carbon footprint, while we deliver on our Clean PowerCity Champion engagement strategy to support advocates as they amplify SMUD's story and demonstrate how anyone can take action to support decarbonization.
- Leveraging our existing partnerships and pursuing new opportunities to connect with customers across our service area. Key work includes leveraging flagship partnerships such as our support for the SMUD Museum of Science & Curiosity (MOSAC), Sacramento Kings, Sacramento River Cats and deepening outreach to community groups to understand individual community priorities through our Community Impact Plan, Sustainable Communities partnerships, Speakers Bureau and Homeowners Association strategy.

We're expanding our outreach and assistance efforts for our customers by:

- Enhancing our Energy Assistance Program Rate (EAPR) and Medical Equipment Discount (MED) Rate customer experiences: In 2024, we saw substantial participant drops in our EAPR and MED Rate programs due to reinitiating recertifications. In 2025, we'll continue to build on these advancements by:
  - Revise and improve the EAPR application Improving MED Rate online application functionality.
  - Expanding automated calls/texts to customers for program recertification.
- Connecting with our communities by holding a Resource Expo in October 2025.
- Holding Lobby Days, expanding reach with additional community-based partners and exploring adding days.
- Proactively reaching out to our most vulnerable customers, with the largest outstanding balances, to share community resources that can help them with financial assistance.
- Increasing our presence in the community by hosting in-person events that include enrolling customers in our programs and offering program education.
- Holding neighborhood walks to meet customers where they're at.
- Providing energy efficiency education for residential and income-eligible customers.
- Offering commercial customers energy reports and bill alerts, like what's currently provided to residential customers, to increase satisfaction with SMUD and help customers feel more in control of their energy usage.

We're engaging with members of our diverse communities to deliver wide-reaching benefits, including expanded workforce development programs. These programs seek to give thousands of participants the skills and tools to find gainful employment in new and existing careers that support the clean energy economy. Career areas include construction, green manufacturing, electrical and other skilled trades, and EV and EV Supply Equipment (EVSE) maintenance. This also includes classroom visits, scholarship programs and community events with hands-on, engaging activities to teach thousands of community members about careers in the energy industry.

Our **Community Impact Plan** will continue to provide ways to diversify our portfolio of offerings, create more inclusive economic development opportunities and expand our community education and outreach efforts to ensure no community is left behind. Key initiatives in 2025 include:

- Creating more "Meet SMUD" events in the red and orange zones on our Sustainable Communities map, providing resources for customers in their neighborhoods.
- Leveraging grant and regional partner funding and increased community partnerships to expand our work to engage under-resourced residential and Small/Medium commercial customers in electrification, inclusive economic development, zero-carbon education and regional workforce development opportunities.



- Continuing to move the needle with our neighborhood, nonprofit/EAPR partnership installations and multifamily electrification by continuing to support grant work and community and partner events.

SMUD promotes the economic vitality of our region and the growth of our customer-base through strategic leadership and active contributions to regional economic development. We're also helping build a strong innovation ecosystem through support for start-ups, entrepreneurs and business incubators, with a focus in under-resourced business communities. Key initiatives in 2025 include:

- New SEED vendor management platform
- Pursuing state grant funding at Catalyst and Implementation levels for supporting the creation of and access to livable wage jobs, reducing barriers to those jobs and achieving climate goals.

Additionally, we're exploring technological solutions to enhance the customer experience. Key initiatives in 2025 include:

- Automating outbound customer communication for field work so customers will have advanced and timely notice when SMUD will be on their property.
- Delivering an EV charging app and charging network pilot.
- Enabling ACH-Push payment for commercial customers. Commercial customers will be able to easily send payments from their banks directly to SMUD, for whatever dollar amount they want, even if they have multiple accounts at SMUD. SMUD will create processes to apply large, single payments to multiple accounts.
- Completely redesigning our website, smud.org, to ensure we're in compliance with new digital accessibility standards and continuing to meet our customers' digital expectations.
- Migrating our Contact Center Interactive Voice Response (IVR) application to consolidated modern Software-as-a-Server (SaaS) cloud platform. This migration will allow us to further rationalize our Contact Center suite of applications as well as enable speech audio capabilities for our customers.
- Improving Contact Center Quality Assurance by seeking an Advanced Analytics Tool with AI to significantly improve the quality assurance process featuring Customer Call Sentiment Data, Voice of the Customer Insights, Live Call Prompt Real Time and Quality Assurance Automation.

I'm extremely excited to see all we'll accomplish in 2025. The outstanding momentum we've gained in just a few short years to reach our zero-carbon goal gives me confidence in what we can accomplish in these next 5 years to get to 2030. Through diversified programs and services to innovative partnerships and industry-leading pilots, we're utilizing a multipronged approach to reach a clean energy future that will have a lasting impact for generations to come.

Our executive team members will share an overview of SMUD's key proposed 2025 initiatives during the Nov. 6 and 7 Finance & Audit Committee meetings, and I look forward to providing the Board with regular updates on progress throughout the upcoming year.

Respectfully submitted,



Paul Lau  
Chief Executive Officer and General Manager

cc: Executive Team  
Special Assistant to the Board  
Corporate Files

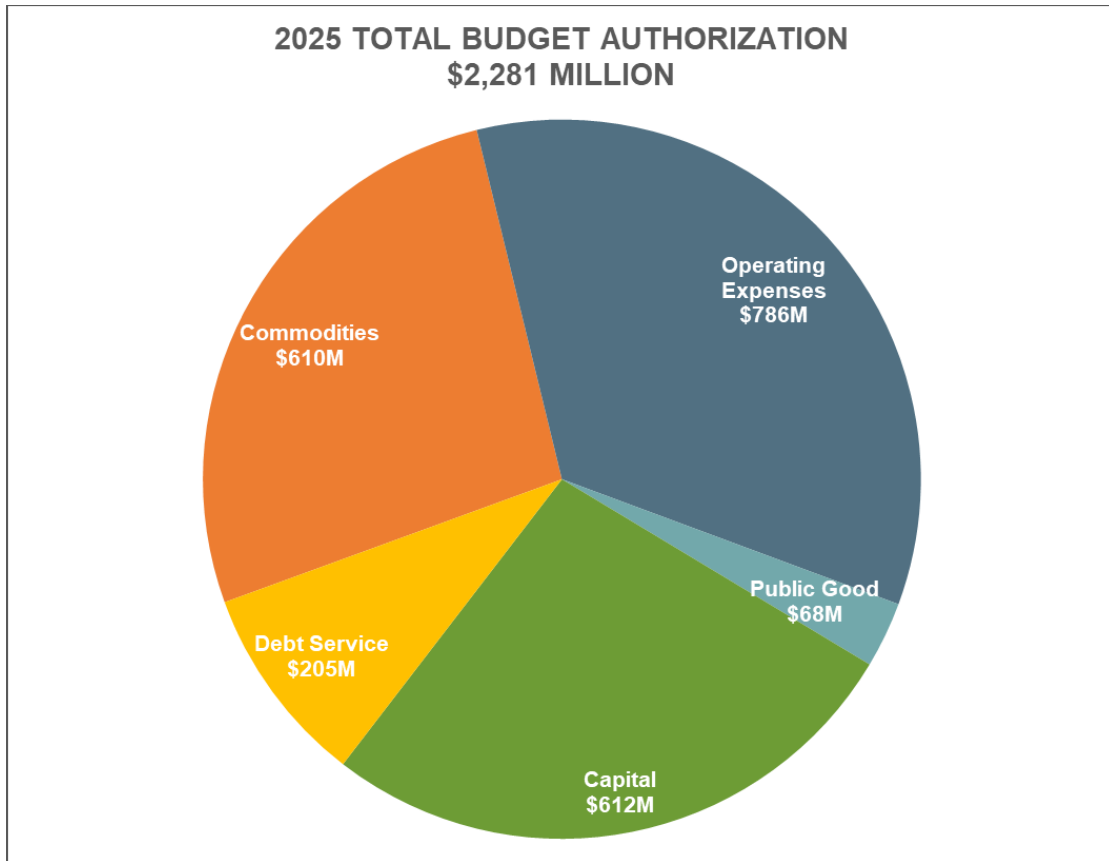
## About SMUD

As the nation's sixth-largest, community-owned, not-for-profit electric service, SMUD has been providing low-cost, reliable electricity to Sacramento County since 1946. SMUD is a recognized industry leader and award winner for its innovative energy efficiency programs, renewable power technologies and its sustainable solutions for a healthier environment.

We provide electric service to most of Sacramento County and small, adjoining portions of Placer and Yolo counties. Our service area is divided into seven wards, each represented by an elected board member who serves a 4-year term. Our Board of Directors determines policy direction and appoints our Chief Executive Officer & General Manager, who is responsible for SMUD's day-to-day operations.

SMUD became a Control Area, presently called a Balancing Authority (BA), in June 2002 and since then has operated its transmission and generation system independently. On January 1, 2006, the Western Area Power Administration's Sierra Nevada Region (WAPA-SNR) was integrated into the SMUD BA, followed on December 1, 2006, by the California-Oregon Transmission Project (COTP) – a 500kV transmission line - and the Modesto Irrigation District (MID). On May 8, 2009, together with MID and the cities of Redding and Roseville, SMUD entered into a Joint Powers Agreement to create the new Balancing Authority of Northern California (BANC). With regulatory approval on May 1, 2011, the operations of SMUD BA were transferred to BANC BA. BANC uses SMUD's existing employees and physical resources to be the BANC Operator. BANC's General Manager reports to a five-person Commission made up of SMUD, MID, City of Redding, City of Roseville, and Trinity Public Utility Districts chief executives. This BA, as an independent entity, is not subject to market disruptions that result from financially induced supply shortages within the California Independent System Operator (CAISO) or investor-owned utilities. SMUD is still subject to certain CAISO transmission, grid management and other costs for transactions that use the CAISO controlled grid. These costs have been included in SMUD's 2025 Budget.

## SMUD At a Glance



### Service Area Population

1.5 million people

### Size of Our Service Area

900 square miles

### Accounts Served (estimated)

594,359 Residential

78,314 Commercial

### Miles of Power Lines We Own

10,900

### Expected System Peak

2,977 MW

### Expected Retail Energy Sales

10,500 GWh

### Active Employees (at Oct 2024)

2,439 (all classifications)

### GHG Emissions 2025 Estimate

2.0 million metric tonnes

## SMUD Governance

### Our Board of Directors

SMUD is owned by its customers, who elect a seven-member Board of Directors. Each director represents a different geographic area or "ward." During their four-year terms, they establish policies and values about how we serve our customers and community and set the long-term direction SMUD will take moving forward.

SMUD's Board of Directors establish our vision and guidelines. The Board reviews and approves strategies, such as Community Impact, Diversity, Equity, Inclusion & Belonging (DEI&B), Electric Vehicle (EV) and Fleet, Wildfire, and Zero Carbon. The Board has the final approval for large expenditures, such as bond issuances, contracts, land purchases, and power purchase agreements. For the annual budget process, the Board approves the budgeted expenses, or authorization to spend, and monitors performance through strategic direction reporting and monthly financial updates.



**Brandon Rose**  
Ward 1



**Nancy Bui-Thompson**  
Ward 2



**Gregg Fishman**  
Ward 3  
*Board Vice President*



**Rosanna Herber**  
Ward 4  
*Board President*



**Rob Kerth**  
Ward 5



**Dave Tamayo**  
Ward 6



**Heidi Sanborn**  
Ward 7

## Strategic Direction – Purpose, Vision & Values

Our Strategic Direction guides us in the decisions we make about SMUD’s policies and operations. Our Board continually reviews and refines these guidelines to make sure we’ll meet your energy needs, both now and in the future.

### **Purpose Statement** ([policy number: SD-1A](#))

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.

### **Vision Statement** ([policy number: SD-1B](#))

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.

### **Core Values**

- Competitive Rates ([policy number: SD-2](#))
- Access to Credit Markets ([policy number: SD-3](#))
- Reliability ([policy number: SD-4](#))
- Customer Relations ([policy number: SD-5](#))
- Safety Leadership ([policy number: SD-6](#))
- Environmental Leadership ([policy number: SD-7](#))
- Employee Relations ([policy number: SD-8](#))
- Resource Planning ([policy number: SD-9](#))
- Innovation ([policy number: SD-10](#))
- Public Power Business Model ([policy number: SD-11](#))
- Ethics ([policy number: SD-12](#))
- Information Management and Security ([policy number SD-16](#))
- Enterprise Risk Management ([policy number: SD-17](#))

### **Key Values**

- Economic Development ([policy number: SD-13](#))
- System Enhancement ([policy number: SD-14](#))
- Outreach and Communication ([policy number: SD-15](#))
- Diversified Business ([policy number: SD-19](#))



## Budget Process and Assumptions

The process to complete the 2025 Budget began with setting financial limits to ensure that the budget would result in achieving our key financial metrics: Positive Net Income, Fixed Charge Ratio of at least 1.70 and Days Cash of 150 or more. With input from every business unit, we looked holistically at the work planned for the upcoming year and identified the most important work that must be done to support our Clean Energy Vision, our customers, and community. In September 2024, we presented an early look of the budget to the Board before the budget was finalized. The load, revenue, and commodity forecasts were then completed which results in the final proposed 2025 Budget.

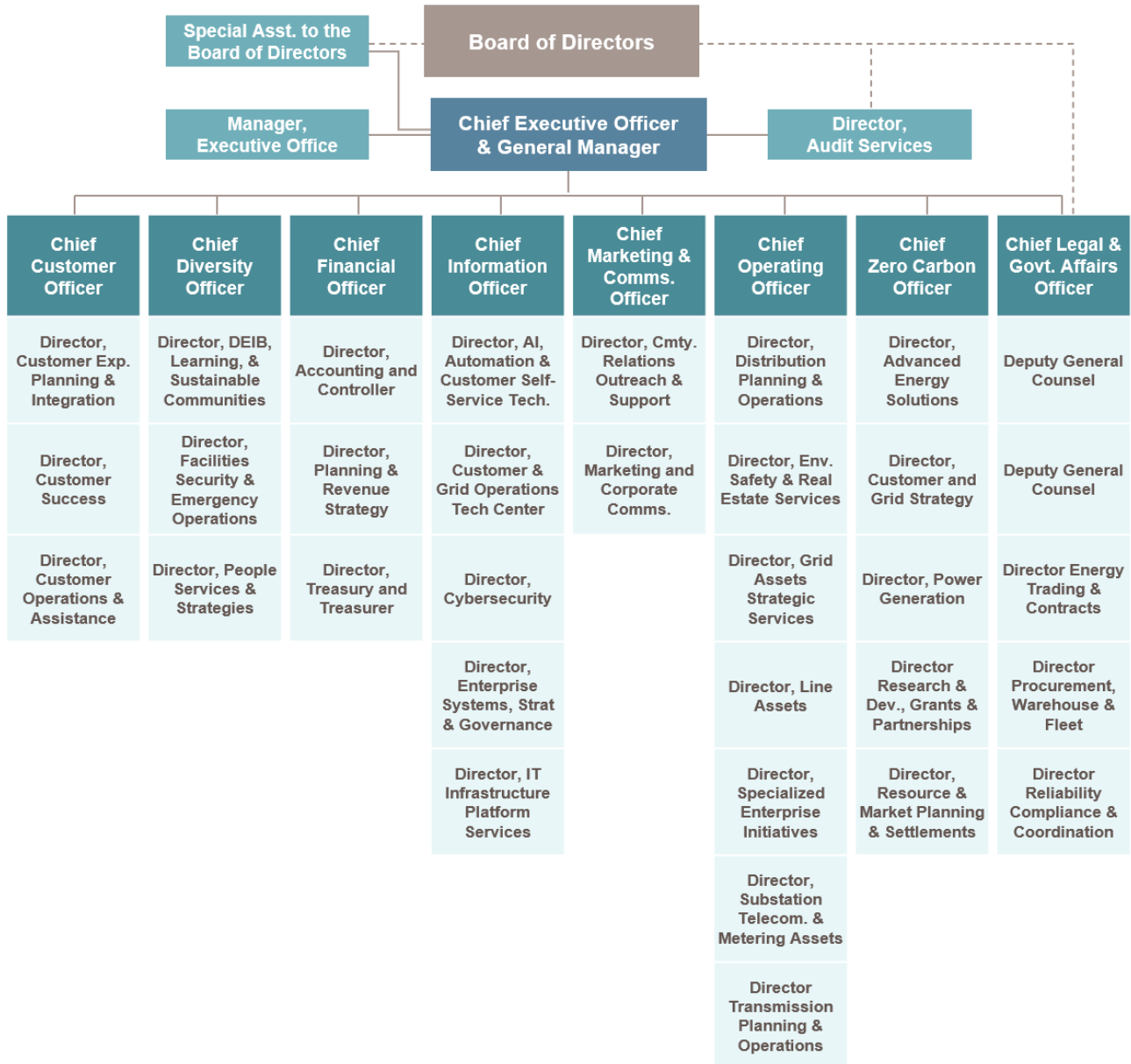
Our planning and budgeting philosophy is to plan and measure the total cost of SMUD business processes and set performance improvement targets for the processes and Business Units that will most efficiently accomplish strategic goals. This budgeting methodology also most efficiently allocates and plans resources throughout SMUD to the Business Units and work processes.

SMUD's Board of Directors has autonomous authority to establish the rates charged for all SMUD services. SMUD typically reviews and sets rates on a two-year cycle. This rate approval process is separate from the annual budget process. SMUD plans its revenue by using the Board approved rates in conjunction with the load forecast. Through approval of the budget, the Board provides the authorization to spend for SMUD to support the work we do to carry out our purpose of enhancing the quality of life for our customers and community by providing reliable and affordable electricity and leading the transition to a clean energy future. To learn more about our rate process please refer to the latest [General Manager's Report](#).

## Organizational Structure

### Organization Chart by Executive

SMUD resources support Business Unit processes regardless of organization/functional affiliation.



### Executive Team

SMUD's senior management consists of the following:

**Chief Executive Officer & General Manager.** Paul Lau 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. Paul serves on several national and local boards, including the Large Public Power Council, California Municipal Utilities Association, American Public Power Association, Electric Power Research Institute, and Smart Electric Power Alliance, and as a Commissioner of the Balancing Authority of Northern California (BANC).

**Chief Financial Officer.** Scott Martin is responsible for leadership oversight of corporate accounting, treasury operations, risk management, budgeting and planning, organizational strategy, pricing, load forecasting, and prioritization. In addition, Scott is responsible for looking holistically at all strategies across the company and driving alignment between spending, pricing, zero carbon investments, and business unit's needs.

**Chief Customer Officer.** Brandy Bolden provides leadership and direction for the team responsible for delivering exceptional customer experiences, frictionless zero carbon adoption, and complete customer support. The main functions include contact center operations, commercial development, strategic accounts management, customer interconnections, billing operations, revenue assurance, customer assistance, customer experience (CX) strategy and planning, CX portfolio management, business intelligence, and community energy services.

**Chief Diversity Officer.** Jose Bodipo-Memba is responsible for company-wide programs and services such as people services and strategies, workforce development, DEIB (diversity, equity, inclusion & belonging), regional workforce development, regional economic development, enterprise change, organizational effectiveness, and SMUD's Sustainable Communities programs. A key focus of the Chief Diversity Officer is advocating for an inclusive culture based on trust and respect, creating a sense of belonging and connection among employees while also ensuring equity in both internal and external programs and services.

**Chief Information Officer.** Suresh Kotha oversees Information Technology functions including Artificial Intelligence (AI), Automation & Customer Self-Service Technologies, the Customer & Grid Technology Center, Cybersecurity, Enterprise Systems, Strategy & Governance, and Infrastructure Platform Services. The goal of this area is to deliver state of the art technology solutions to our community and employees that are secure, reliable and right-sized, enabling SMUD's Clean Energy Vision.

**Chief Legal & Government Affairs Officer & General Counsel.** Laura Lewis reports to the Board and to the CEO & GM and oversees SMUD's legal office, government affairs, reliability compliance, procurement, fleet, warehouse, and energy trading functions. She serves as the secretary to SMUD's elected board of directors.

**Chief Marketing & Communications Officer.** Farres Everly is responsible for all aspects of SMUD's marketing, market research, corporate communications, website, graphic design and printing, video services, social media, community engagement & outreach, crisis communications and public affairs activities.

**Chief Operating Officer.** Frankie McDermott is responsible for providing strategic leadership and tactical oversight related to transmission and delivery of energy to customers, ensuring efficient planning, construction, operation and maintenance of transmission, and distribution facilities. He also leads the teams responsible for environmental, safety and real estate, specialized enterprise initiatives, operational excellence, operations project management and the Sacramento Power Academy.

**Chief Zero Carbon Officer.** Lora Anguay is responsible for leadership oversight of SMUD's energy supply which includes SMUD's Integrated Resource Strategy, the planning, design, construction and maintenance of power generation assets, and energy transaction settlements. 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 portfolio to zero carbon resources.

### Business Units & Segments

The SMUD Budget is planned by Business Unit processes which in some cases differ from the organizational/functional reporting structure. The Business Units and Segments are categorized based on work processes and operations and provides better alignment and allocation of costs to specific business functions.

Corporate	Zero Carbon Energy Solutions	Customer & Community Services	Energy Delivery & Operations	Information Technology	Workforce, Diversity & Enterprise Partnerships
Governance	Power Generation	Customer Success	Transmission Planning & Operations	Customer & Grid Operations Technology Center	People Services & Strategies
Finance & Strategy	Advanced Energy Solutions	Customer Operations & Assistance	Distribution Planning & Operations	Enterprise Systems, Strategy & Governance	Facilities, Security & Emergency Operations
Legal, Government Affairs & Contracts	Research & Development, Grants and Partnerships	Community Energy Services	Line Assets	AI, Automation & Customer Self-Service Technologies	DEIB, Learning & Sustainable Communities
Comms. Marketing & Community Relations	Resource & Market Planning and Settlements	Customer Experience Planning & Integration	Substation, Telecom, Network & Metering	Cybersecurity	Enterprise Change & Organizational Effectiveness
Enterprise Affairs	Customer & Grid Strategy	Business Intelligence & Operations Support	Strategic Services & Operations PMO	IT Infrastructure Platform Services	
			Environmental, Safety & Real Estate Services		
			Operational Excellence		
			Specialized Enterprise Initiatives		

## Budget Summary

### Overview

The 2025 Budget Authorization totals \$2.3 billion. This represents an increase of \$138 million from the 2024 Budget. The 2025 Budget is a request to authorize spending.

Funding Type \$000s	2024 Budget	2025 Proposed	\$ Change vs Budget	% Change vs Budget
Commodities	\$572,000	\$610,000	\$38,000	7%
Operating Expenses	746,217	786,248	40,031	5%
Public Good Expenses	67,889	67,631	(258)	0%
Capital	554,966	612,032	57,066	10%
Debt Service	202,263	205,394	3,131	2%
<b>TOTAL Budget Authorization</b>	<b>\$2,143,336</b>	<b>\$2,281,305</b>	<b>\$137,969</b>	<b>6%</b>
Miscellaneous Revenues	(1,974)	(38,355)	(36,381)	
Net	\$2,141,362	\$2,242,950	\$101,588	5%

The 2025 SMUD Budget summarized on the following pages is a blueprint of planned commodity, operating, public good, debt service expenses and capital expenditures for the fiscal year beginning January 1, 2025. Comparisons to the 2024 Budget adopted by the Board on December 14, 2023 are shown to put the proposed 2025 Budget into perspective.

The O&M and Capital Budgets are shown on the following pages by cost type and Business Unit. SMUD Business Units correspond to business processes which deliver specific products and services to SMUD customers. The core business processes are represented by Customer & Community Services, Energy Delivery & Operations and Zero Carbon Energy Solutions Business Units. Included within Zero Carbon and Customer & Community are Public Good costs related to energy efficiency, low-income assistance, and research and development. These costs are shown separately because they are designated as Public Goods programs as determined by statute.

The Information Technology, Workforce, Diversity & Enterprise Partnerships and Corporate Business Units provide services which enable the other business units to perform their work. The Enterprise Business Unit contains contingency and reserve estimates for the organization.

Within each Business Unit budget, work processes are subdivided into business segments and individual business processes. Business segments and processes enable each business unit to effectively plan and measure performance of its operations at a manageable level.

The budgeted costs shown under each core Business Unit include all the costs of performing the work planned for 2025. These include labor costs from departments throughout SMUD which perform work in the core business processes. Labor costs include employee benefits. Also included in the budget is a surcharge allocation of service costs such as fleet, facilities, information technology, workforce management and support, environmental services, real estate, safety and



## SMUD 2025 Budget

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security. The Corporate budget includes insurance and casualty risk management, and cash and debt management; a portion of this budget is allocated to Capital and Public Good.

For detailed descriptions of the cost categories that make up SMUD's budget please see the Supplemental Information section of this document or follow these links – [Cost Categories](#) and [Expense Type Descriptions](#).

## O&M Budget Summary

The O&M 2025 Proposed Budget totals \$1,463.9 million (including Public Good), which is \$77.8 million or 6 percent higher than the 2024 Budget. The O&M budget consists of commodity costs, business unit operating costs, public good and other employee benefit costs. The following sections present details for these O&M components.

Cost Type \$000s	2024 Budget	2025 Proposed	\$ Change vs Budget	% Change vs Budget
Labor & Benefit Costs	\$280,409	\$277,824	(\$2,585)	-1%
Materials & Equipment	10,782	12,985	2,203	20%
Other Expenses	49,692	67,599	17,907	36%
Outside Sevices	210,302	234,970	24,669	12%
Insurance	40,863	49,773	8,909	22%
Rebates & Incentives	34,253	39,911	5,658	17%
Commodites (excl reimbursements)	811,828	740,268	(71,560)	-9%
Total Operating Expenses	1,438,128	1,423,329	(14,799)	-1%
Reimbursements	(282,470)	(175,865)	106,605	38%
Allocations/Surcharges	163,463	173,950	10,487	6%
Expenditures Subtotal	1,319,121	1,421,414	102,293	8%
Commodity Amortization	25,915	27,647	1,732	7%
JPA Interest	4,067	3,382	(685)	-17%
Other Employee Benefits	37,004	11,436	(25,568)	-69%
<b>Total O&amp;M Budget</b>	<b>\$1,386,106</b>	<b>\$1,463,879</b>	<b>\$77,773</b>	<b>6%</b>

### Business Unit O&M Budget

The following report highlights the O&M 2025 Proposed Budget categorized by Business Unit. This gives a different perspective of the O&M expenditures (including Public Good) by where the work is performed.

Total Business Unit O&M and Public Good, excluding Commodity and Other Employee Benefits, is \$842.4 million, which is \$65.3 million higher than the 2024 Budget. The 2025 Proposed Budget includes mandatory spending for vegetation management and wildfire mitigation. The 2025 Budget also funds ongoing efforts for community initiatives like our Community Impact Plan, maintaining operations, insurance, load flexibility and transportation electrification. Transportation electrification and load flexibility is a critical part of our 2030 Zero Carbon Plan and an important part of our strategy to continue to provide a leadership role in the region's transformation to a zero-carbon future.

## SMUD 2025 Budget

Business Unit \$000s	2024 Budget	2025 Proposed	\$ Change vs Budget	% Change vs Budget
Customer & Community Services	\$105,515	\$104,340	(\$1,175)	-1%
Energy Delivery & Operations	223,110	226,422	3,312	1%
Zero Carbon Energy Solutions	232,781	258,289	25,508	11%
Information Technology	44,871	58,576	13,705	31%
Workforce, Diversity & Enterprise Partnerships	27,127	25,859	(1,268)	-5%
Corporate	137,787	146,251	8,464	6%
Enterprise	5,911	22,707	16,796	284%
<b>Total O&amp;M Business Unit Budget</b>	<b>\$777,103</b>	<b>\$842,444</b>	<b>\$65,341</b>	<b>8%</b>
Commodity (incl reimbursements)	572,000	610,000	38,000	7%
Other Employee Benefits	37,004	11,436	(25,568)	-69%
<b>Total O&amp;M Budget</b>	<b>1,386,106</b>	<b>1,463,879</b>	<b>77,773</b>	<b>6%</b>

More detailed and specific information is provided within each Business Unit's documentation of their proposed budget. Please refer to this section for the detailed Business Unit budgets - [Business Unit Budgets](#).

### Public Good Budget

Public Good is included in the total O&M budget and is captured within the costs of the Business Unit responsible for the work. Therefore, these costs are not shown on a separate line of the O&M budget and are provided here for *information only* and to present details as to the programs covered.

Total Public Good is \$104.8 million, which is \$1.9 million less than the 2024 budget, after inclusion of rate subsidies. The Public Good 2025 Proposed Budget is \$67.6 million and is the portion of the program that requires Board authorization.

Total subsidies are \$37.2 million. The total cost of the Energy Assistance Program Rate (EAPR) subsidy is budgeted at \$34.8 million in 2025, a decrease of \$1.3 million from 2024, and the subsidy for customers using medical equipment decreased by \$0.3 million for a total of \$2.3 million. By December 2025, the number of subsidized customers is expected to be approximately 89,956.

Energy efficiency proposed spending of \$48.7 million decreased \$2.1 million over prior year. Building electrification is included in Energy Efficiency public good. The Energy Efficiency budget remains in line with the goal of reaching zero carbon by 2030. Residential Assistance decreased slightly, \$0.9 million, as we shifted some operational costs to O&M. Research & Development increased \$2.8 million to \$11.4 million to right size the funding needed to investigate new and emerging technologies.

## SMUD 2025 Budget

Description \$000s	2024 Budget	2025 Proposed	\$ Change vs Budget	% Change vs Budget
Energy Efficiency	\$50,753	\$48,692	(\$2,061)	-4%
Residential Assistance	8,512	7,565	(947)	-11%
Research & Development	8,623	11,374	2,750	32%
<b>Public Good Budget</b>	<b>\$67,889</b>	<b>\$67,631</b>	<b>(\$258)</b>	<b>0%</b>
Rate Subsidy	38,754	37,160	(1,594)	-4%
Total Public Good	\$106,643	\$104,791	(\$1,852)	-2%

The following report shows the Public Good 2025 Proposed Budget categorized by Business Unit. This gives a different perspective of the public good expenditures by where the work is performed. Public Good expenses in Workforce, Diversity & Enterprise Partnerships and Corporate shifted to O&M in the 2025 Proposed Budget and are not a reduction in spending.

Business Unit \$000s	2024 Budget	2025 Proposed	\$ Change vs Budget	% Change vs Budget
Customer & Community Services	\$8,062	\$7,565	(\$497)	-6%
Zero Carbon Energy Solutions	57,842	60,066	2,224	4%
Workforce, Diversity & Enterprise Partnerships	450	-	(450)	-100%
Corporate	1,534	-	(1,534)	-100%
<b>Public Good Business Unit Budget</b>	<b>\$67,889</b>	<b>\$67,631</b>	<b>(\$258)</b>	<b>0%</b>
Rate Subsidy	38,754	37,160	(1,594)	-4%
Total Public Good	\$106,643	\$104,791	(\$1,852)	-2%

### Commodity Budget

Commodity costs are part of the total O&M budget. The Commodity 2025 Proposed Budget of \$610 million is \$38 million higher than the 2024 Budget. Commodities are net of surplus power sales. The budget for commodities assumes a typical water year. Purchased power is increasing primarily due to resource adequacy costs. Fuel for Generation is decreasing due to increased imports of geothermal contracts displacing SMUD thermal units.

Further details on power supply information can be found in the Supplemental Information of this document in these sections – [Power Supply & Requirements](#), [SMUD Generation Sources](#), and [Purchased Power](#).

Description \$000s	2024 Budget	2025 Proposed	\$ Change vs Budget	% Change vs Budget
Purchased Power	\$320,467	\$419,103	\$98,636	31%
Fuel for Generation	251,533	190,897	(60,636)	-24%
<b>Total Commodities</b>	<b>\$572,000</b>	<b>\$610,000</b>	<b>\$38,000</b>	<b>7%</b>

### Other Employee Benefits Budget

Other Employee Benefits are part of the total O&M budget and are not allocated or included as a labor expense in the Business Unit expenditures. The Other Employee Benefits 2025 Proposed Budget is \$11.4 million, a decrease of \$25.6 million compared to the 2024 Budget. Included are Other Post-Employment Benefits (OPEB) expense of \$8.8 million which decreased \$25.1 million from the prior year budget due to retiree medical, dental and unfunded actuarial accrued liability (UAAL) amortization costs shifting from OPEB O&M to capital (to represent the shift from expense to the balance sheet to align our budget with our accounting treatment). Also, included is \$2.6 million of workers' compensation which decreased \$0.5 million from the prior year budget due to reductions in reserve estimates.

Benefit Type \$000s	2024 Budget	2025 Proposed	\$ Change vs Budget	% Change vs Budget
Other Post-Employment Benefits (OPEB)	\$33,904	\$8,829	(\$25,075)	-74%
Workers Compensation	3,100	2,607	(493)	-16%
<b>Total Other Employee Benefits</b>	<b>\$37,004</b>	<b>\$11,436</b>	<b>(\$25,568)</b>	<b>-69%</b>

## Capital Budget Summary

The Capital 2025 Proposed Budget totals \$612 million, which is \$57.1 million or 10 percent higher than the 2024 Budget.

Cost Type \$000s	2024 Budget	2025 Proposed	\$ Change vs Budget	% Change vs Budget
Labor & Benefit Costs	\$77,030	\$74,700	(\$2,329)	-3%
Materials & Equipment	113,704	154,315	40,611	36%
Other Expenses	71,914	71,469	(445)	-1%
Outside Services	264,161	279,057	14,897	6%
Insurance	800	764	(35)	-4%
<b>Total Expenses</b>	<b>527,608</b>	<b>580,307</b>	<b>52,699</b>	<b>10%</b>
Reimbursements	(37,035)	(34,773)	2,262	6%
Allocations/Surcharges	64,393	66,498	2,105	3%
<b>Total Capital Budget</b>	<b>\$554,966</b>	<b>\$612,032</b>	<b>\$57,066</b>	<b>10%</b>

The proposed 2025 capital investment budget is for planned investments in generation, transmission, distribution, buildings, vehicles, technology, and other assets critical to meeting the energy needs of our customers. Proposed capital expenditures go through a rigorous evaluation and prioritization process, based on value and risk, to ensure we fund those that have the highest contribution to the Board’s strategic directions.

The increase in capital is mainly due to the following major projects: Grid Edge Intelligence and Outage Management System (OMS) replacement, El Rio Substation, Country Acres solar and storage project, our new Folsom Administrative Operations Building and preparing to upgrade our Enterprise Resource Planning (ERP) software. Capital also includes \$50.3 million in Other Expenses for OPEB/PERS amortization items. The retiree medical, dental and unfunded actuarial accrued liability (UAAL) amortization costs and PERS unfunded accrued liability (UAL) shifted from O&M to capital (to represent the shift from expense to the balance sheet to align our budget with our accounting treatment).

The following report shows the Capital 2025 Proposed Budget categorized by Business Unit. This gives a different perspective of the capital expenditures by where the work is performed.

## SMUD 2025 Budget

Business Unit \$000s	2024 Budget	2025 Proposed	\$ Change vs Budget	% Change vs Budget
Customer & Community Services	\$7,884	\$5,494	(\$2,390)	-30%
Energy Delivery & Operations	239,294	252,809	13,515	6%
Zero Carbon Energy Solutions	176,958	152,438	(24,520)	-14%
Information Technology	60,161	92,501	32,340	54%
Workforce, Diversity & Enterprise Partnerships	34,115	37,259	3,144	9%
Corporate	13,947	21,271	7,324	53%
Enterprise	22,607	-	(22,607)	-100%
OPEB/PERS Amortization	-	50,260	50,260	100%
<b>Total Capital Business Unit Budget</b>	<b>\$554,966</b>	<b>\$612,032</b>	<b>\$57,066</b>	<b>10%</b>

More specific and detailed information is provided within each of the previously mentioned Business Unit's sections of this documentation. Please refer to this section for the Business Unit detailed budgets - [Business Unit Budgets](#).

Details of planned capital projects by Business Unit can be found in the Supplemental Information of this document here - [Capital Project Details](#)



## Allocated Budget Summary

The Allocated 2025 Proposed Budget totals \$158.1 million, which is \$5.8 million higher than the 2024 Budget. This is shown as *information only* as 100% of these allocated expenditures are included in the budgeted dollars of all SMUD O&M and Capital described in this documentation.

Cost Type \$000s	2024 Budget	2025 Proposed	\$ Change vs Budget	% Change vs Budget
Labor & Benefit Costs	\$68,730	\$69,291	\$561	1%
Materials & Equipment	38,073	42,589	4,516	12%
Other Expenses	2,502	2,701	198	8%
Outside Sevices	23,784	24,175	392	2%
Insurance	-	-	-	-
<b>Total Operating Expenses</b>	<b>133,089</b>	<b>138,756</b>	<b>5,667</b>	<b>4%</b>
Reimbursements	(65)	(375)	(310)	477%
Allocations/Surcharges	19,322	19,739	417	2%
<b>Total Allocated Budget</b>	<b>\$152,346</b>	<b>\$158,120</b>	<b>\$5,773</b>	<b>4%</b>

Portions of Information Technology, Corporate, Workforce, Diversity & Enterprise Partnerships and Energy Delivery & Operations business unit costs are allocated to all other business units based on the quantity of labor hours.

The following report shows the Allocated 2025 Proposed Budget categorized by Business Unit. This gives a different perspective of the allocated expenditures by where the work is performed.

Business Unit \$000s	2024 Budget	2025 Proposed	\$ Change vs Budget	% Change vs Budget
Information Technology	\$73,631	\$78,035	\$4,405	6%
Workforce, Diversity & Enterprise Partnerships	44,410	46,553	2,142	5%
Corporate	28,853	27,776	(1,077)	-4%
Energy Delivery & Operations	5,452	5,755	303	6%
<b>Total Allocated Business Unit Budget</b>	<b>\$152,346</b>	<b>\$158,120</b>	<b>\$5,773</b>	<b>4%</b>

More specific and detailed information is provided within each of the previously mentioned Business Unit's sections of this documentation. Please refer to this section for the Business Unit detailed budgets - [Business Unit Budgets](#).

## Position Count Summary

The full-time count of 2,295 is identified in the Board Resolution for approval. Total position growth for the 2025 budget year is an increase of 2% over the prior year.

Executive Group	2024 Full-time	2024 Limited Term	2024 Part-time	2024 Positions Planned	2025 Full-time	2025 Limited Term	2025 Part-time	2025 Positions Planned	Increase/Decrease
CEO & General Manager	32	0	0	32	33	5	0	38	6
Chief Communications & Mktg Officer	71	0	3	74	72	0	3	75	1
Chief Legal & Govt Affairs Officer	177	0	4	181	180	0	4	184	3
Chief Financial Officer	105	1	10	116	104	4	10	118	2
Chief Operating Officer	831	21	13	865	863	21	13	897	32
Chief Zero Carbon Officer	249	3	10	262	259	2	9	270	8
Chief Customer Officer	299	3	101	403	299	3	101	403	0
Chief Diversity Officer	217	11	32	260	218	9	38	265	5
Chief Information Officer	269	4	38	311	267	3	45	315	4
<b>Full-time</b>				<b>2,250</b>				<b>2,295</b>	<b>45</b>
<b>Limited Term</b>				<b>43</b>				<b>47</b>	<b>4</b>
<b>Part-time</b>				<b>211</b>				<b>223</b>	<b>12</b>
<b>Total Positions</b>	<b>2,250</b>	<b>43</b>	<b>211</b>	<b>2,504</b>	<b>2,295</b>	<b>47</b>	<b>223</b>	<b>2,565</b>	<b>61</b>

## Labor Cost Summary

The labor summary reflects the cost of wages for SMUD employees. The budget for labor and associated benefit costs is shown as *information only* as 100% of these expenditures are included in the budgeted dollars of all SMUD O&M and Capital described in this documentation.

The cost-of-living increase for SMUD salaries and wages during 2025 is based on formulas contained in negotiated bargaining agreements and estimates established for unrepresented employees.

Executive Group \$000s	2024 Budget	2025 Proposed	\$ Change vs Budget	% Change vs Budget
CEO & General Manager	\$8,214	\$9,249	\$1,035	13%
Chief Marketing & Communications Officer	9,249	9,676	427	5%
Chief Legal & Gov't Affairs Officer	25,400	26,747	1,347	5%
Chief Financial Officer	15,435	15,811	376	2%
Chief Operating Officer	144,958	155,149	10,191	7%
Chief Zero Carbon Officer	40,317	41,988	1,671	4%
Chief Customer Officer	36,514	38,071	1,557	4%
Chief Diversity Officer	31,529	32,914	1,385	4%
Chief Information Officer	43,924	45,631	1,707	4%
<b>Total Salaries &amp; Wages</b>	<b>333,406</b>	<b>351,446</b>	<b>18,041</b>	<b>5%</b>
<b>Total Overtime</b>	<b>22,135</b>	<b>23,791</b>	<b>1,656</b>	<b>7%</b>
<b>Total Salary Costs</b>	<b>\$355,541</b>	<b>\$375,237</b>	<b>\$19,697</b>	<b>6%</b>

## Benefits Summary

The Benefits Summary reflects allocated costs for active employee benefits, the costs to administer those benefits, and Social Security and retirement contributions for current staff. The 2025 Proposed Budget of \$129 million is a decrease of \$17.3 million from the 2024 Budget. The retirement contribution (PERS) unfunded accrued liability (UAL) shifted from O&M to capital (to represent the shift from expense to the balance sheet to align our budget with our accounting treatment).

The budget for benefit costs is shown as *information only* as 100% of these expenditures are included in the budgeted dollars of all SMUD O&M and Capital described in this documentation.

Benefit Type \$000s	2024 Budget	2025 Proposed	\$ Change vs Budget	% Change vs Budget
Retirement Contribution	\$66,989	\$44,315	(\$22,674)	-34%
Social Security Contribution	26,314	28,100	1,786	7%
Total Retirement & Social Security	93,303	72,415	(20,889)	-22%
Health & Welfare	50,739	53,931	3,192	6%
Administer Benefits	2,276	2,671	394	17%
Total Health & Welfare	53,015	56,602	3,586	7%
<b>Total Benefits Budget</b>	<b>\$146,319</b>	<b>\$129,016</b>	<b>(\$17,302)</b>	<b>-12%</b>

## Debt Service

The following schedules show the summary and details of the Debt Service 2025 Proposed Budget. SMUD issues electric revenue bonds and commercial paper notes to finance long-lived capital assets. The Debt Service budget includes accrued interest expense on outstanding electric revenue bonds and commercial paper notes, net of any swap revenues tied to debt issues, scheduled principal repayments of bonds and commercial paper, trustee fees associated with administration of debt service payments, and interest expense and issuance costs associated with planned new debt issues.

Debt Service \$000s	2024 Budget	2025 Proposed	\$ Change vs Budget	% Change vs Budget
Interest Expense	\$114,705	\$107,568	(\$7,136)	-6%
Interest on New Debt Issuance	-	8,750	8,750	100%
Principal Repayments	84,590	90,045	5,455	6%
Fees/Bond Issuance Cost	6,297	2,102	(4,195)	-67%
<b>Total Debt Service</b>	<b>205,592</b>	<b>208,465</b>	<b>2,874</b>	<b>1%</b>
Allocated to JPAs	(3,329)	(3,072)	257	-8%
<b>Net Debt Service</b>	<b>\$202,263</b>	<b>\$205,394</b>	<b>\$3,131</b>	<b>2%</b>

Interest expense on existing debt totals \$107.6 million in the 2025 Proposed Budget, a decrease of \$7.1 million. This is primarily due to revenue bond interest decreasing \$6.5 million to \$103.3 million and a slight decrease to commercial paper interest of \$0.3 million. The Debt Service budget includes net debt related swap payments and interest on long-term, variable rate, and subordinated debt. The budget assumes an interest rate of 4.24% (including all related fees & swaps) on an average commercial paper balance of \$100 million.

Interest on new debt issuance totals \$8.8 million in the 2025 Proposed Budget. This is an estimate of interest expense for new debt expected to be issued within 2025.

Scheduled principal repayments of revenue bonds and commercial paper notes total \$90.0 million in 2025, a \$5.5 million increase from the 2024 Budget.

Fees/bond issuance cost of \$2.1 million are included for new 2025 bond issuances and related fees.

Please refer to this section for a [Summary of Debt Service on Existing SMUD Bond Issues](#).

## Budget Financial Statements

The SMUD financial statements depict the expected results of operations (Income Statement), assets and liabilities (Balance Sheet) and cash position (Statement of Cash Flow) at the end of the 2025 budget year. The Income Statement also includes "non-cash" expenses such as depreciation and amortization of capital and regulatory assets, which are not included in the 2025 Budget because funds were expended in prior budget years.

The pro forma financial statements include the consolidated accounts and operations of SMUD, the Sacramento Municipal Utility District Financing Authority (SFA), the Northern California Gas Agency No. 1 (NCGA No. 1) and the Northern California Energy Authority (NCEA). SFA, a joint powers authority between SMUD and Modesto Irrigation District, issued debt to construct Cosumnes Power Plant and owns and operates the plant. In late 2021, ownership of the Carson Project, the Proctor & Gamble Project, the Cambell Soup Project, and McClellan were transferred to SFA. SMUD has entered into a long-term Power Purchase Agreement with SFA to purchase all the plants' output and pay for Joint Powers Authority (JPA) and plant costs. NCGA No.1 is a joint powers authority that has issued bonds and used the proceeds to prepay long-term natural gas supply contracts. SMUD has entered into an agreement to buy all the gas procured by NCGA No.1 but is not liable for repayment of the bonds in the event of a default. NCEA is a joint powers authority that has issued bonds and used the proceeds to prepay long-term commodity supply contracts. SMUD has entered into an agreement to buy all the commodities procured by NCEA but is not liable for repayment of the bonds in the event of a default. The relationship between SMUD, SFA, NCGA No.1 and NCEA meets the criteria established by the Governmental Accounting Standards Board (GASB) for consolidation in the controlling entity's financial statements.

## Budget At a Glance

### Projected Operations Budget

Revenues	\$1,859.6 M
Commodity Costs	\$610.0 M
Operating Expenses	\$891.0 M
Net Income	\$117.4 M

### Public Good Projected Budget

Projected Budget (incl in Op Expenses)	\$67.6 M
Total including Rate Subsidy	\$104.8 M

### Credit Ratings

Fitch	AA
Moodys	Aa2
Standard & Poors	AA

### Other Budget Projections

Unrestricted Cash (at 12/31/2025)	\$551.7 M
Capital Additions	\$612.0 M
Net Debt Service	\$205.4 M

### Rate Protection (at Sept. 2024)

Hydro Rate Stabilization	\$88.0 M
Rate Stabilization Fund	\$71.7 M

### Key Financial Metrics

Fixed Charge Ratio (minimum 1.50)	2.03
Days Cash on Hand (target 150)	153



## Consolidated Income Statement

\$ Millions	2024 Budget	2025 Proposed
Operating Revenues:		
Sales to Customers	\$1,765.4	\$1,859.6
RSF & Other Deferrals	36.8	29.6
Other Electric Revenue	34.6	39.4
<b>Total Operating Revenues</b>	<b>1,836.8</b>	<b>1,928.6</b>
Operating Expenses:		
Commodities	572.0	610.0
Customer & Community Services	97.5	96.8
Energy Delivery & Operations	223.1	226.4
Zero Carbon Energy Solutions	174.9	198.2
Workforce, Diversity & Inclusion	26.7	25.9
Information Technology	44.9	58.6
Corporate Services	136.2	146.2
Enterprise	42.9	34.1
Public Good (including EAPR & MED Discount)	106.6	104.8
Total Operations	1,424.8	1,501.0
Depreciation, Depletion, and Amortization	244.2	261.6
<b>Total Operating Expenses</b>	<b>1,669.0</b>	<b>1,762.6</b>
<b>Net Operating Income</b>	<b>\$167.8</b>	<b>\$166.0</b>
Other (Income) Expenses:		
Interest Income and Other	(\$44.3)	(\$51.5)
Other Non Cash	(5.0)	(8.5)
<b>Total Interest Income &amp; Other</b>	<b>(49.3)</b>	<b>(60.0)</b>
Interest Expense:		
Interest expense	91.7	108.6
<b>Net Interest Charges</b>	<b>91.7</b>	<b>108.6</b>
<b>Change in Net Position - Net Income (Loss)</b>	<b>\$125.3</b>	<b>\$117.4</b>
Interest Payments		
Interest Payments	\$119.6	\$121.8
Principal Payments	103.1	112.6
<b>Total Fixed Costs</b>	<b>\$222.7</b>	<b>\$234.5</b>

## SMUD 2025 Budget

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The consolidated income statement reports all SMUD's revenues and expenses for the periods shown. The 2025 Proposed Budget will produce \$117.4 million of net income for SMUD, which is a decrease of \$7.9 million from the 2024 Budget. The fixed charge coverage ratio is planned at 2.03 times operating cash flow. Revenue from electric sales has increased compared to the 2024 Budget due to the impact of the approved 2025 rate increases.

The budgeted and actual fixed charge ratio and net income as shown on the consolidated income statement are primary measures of SMUD's financial performance which are monitored closely by the bond rating agencies in setting SMUD's credit rating. The fixed charge ratio is a measure of the number of times net operating cash flow before interest expense covers total cash debt service payments, including both interest and principal, for SMUD, the JPAs and SMUD's share of Transmission Agency of Northern California (TANC) debt service. Net income is the residual after deducting all expenses from revenues for the period.

For detailed descriptions of the financial statement line items please refer to the Supplemental Information section using this link – [Financial Statement Line Item Descriptions](#).

## Summarized Balance Sheet / Statement of Net Position

\$ Millions	Projected Yr End 2024	Projected Yr End 2025
Total Electric Utility Plant, Net	\$4,637.2	\$5,000.3
Total Restricted Funds (including RSF)	360.8	347.8
Total Current Assets	1,360.1	1,365.1
Total Noncurrent Assets	1,783.3	1,783.3
<b>Total Assets</b>	<b>8,141.3</b>	<b>8,496.4</b>
Deferred Outflows of Resources	316.7	316.7
<b>Total assets and deferred outflows of resources</b>	<b>\$8,458.0</b>	<b>\$8,813.1</b>
Long Term Debt - net	\$3,266.7	\$3,526.7
Total Current Liabilities	736.8	\$714.2
Total Noncurrent liabilities	552.4	\$552.4
<b>Total Liabilities</b>	<b>4,555.9</b>	<b>\$4,793.4</b>
Deferred Inflows of Resources	992.2	\$992.2
Total Net Position	2,909.9	\$3,027.5
<b>Total Liabilities, Deferred Inflows of Resources &amp; Net Position</b>	<b>\$8,458.0</b>	<b>\$8,813.1</b>

The summarized balance sheet/statement of net position provides information about the nature and amount of resources and obligations at a specific point in time.

Total assets projected for 2025 increased \$355.1 million, net of depreciation. This growth is primarily due to an increase of \$363.1 million in electric utility plant – net, an increase of total current assets of \$5.0 million and a decrease in total restricted funds of \$13.0 million. Deferred outflows of resources is projected to remain flat for 2025 compared to 2024.

Total liabilities projected for 2025 increased \$237.5 million due to an increase of \$260 million in long term debt and a \$22.6 million decrease in current liabilities. The total net position projected for 2025 increased \$117.4 million based on results of operations.

For detailed descriptions of the financial statement line items please refer to the Supplemental Information section using this link – [Financial Statement Line Item Descriptions](#).

## Statement of Cash Flows

\$ Millions	2025 Proposed
<b>Operating Uses/Sources of Funds:</b>	
Receipts from Customers	\$1,821.9
Other Electric Revenue	63.7
Total Operating Sources of Funds	1,885.6
Net Operating Expenses	850.5
Commodity Expenses	549.7
Total Operating Uses of Funds	1,400.2
<b>Net Source of Funds from Operations</b>	<b>485.4</b>
<b>Financing Uses/Sources of Funds:</b>	
Proceeds from Debt Issuance	350.0
Commercial Paper Issuance	0.0
Total Financing Sources of Funds	350.0
Capital Expenditures & Other Cash Payments	573.7
Net Loans	0.0
Principal Payments on Debt	104.3
Interest Payments on Debt	112.0
Total Financing Uses of Funds	790.0
<b>Net (Use) of Funds from Financing</b>	<b>(440.0)</b>
<b>Investing Uses/Sources of Funds:</b>	
Interest Income	30.1
<b>Net Source of Funds from Investing</b>	<b>30.1</b>
<b>Net Funds from 2025 Proposed Budget</b>	<b>\$75.5</b>
<b>Projected Unrestricted Cash Balance @ 1/1/25</b>	<b>\$476.1</b>
Net Cash Outflow from 2025 Proposed Budget	(274.5)
New Debt & Commercial Paper Issue	350.0
<b>Projected Unrestricted Cash Balance @ 12/31/25</b>	<b>\$551.7</b>

## SMUD 2025 Budget

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The cash flow statement shows the budgeted sources and uses of cash and the projected year-end unrestricted cash balance for 2025. SMUD's current practice is to maintain unrestricted cash and Rate Stabilization Fund (RSF) balances at a minimum of 150 days cash on hand. At the end of 2025, SMUD's unrestricted cash balance is projected to be \$551.7 million, in addition to the Rate Stabilization Fund balance of \$71.7 million. The Hydro Rate Stabilization Fund balance, which is expected to be \$88 million, is not included in this target minimum.

SMUD generates positive net cash flow from operations because of net income and non-cash expenses such as depreciation and amortization. In 2025, cash generated from operations is estimated to total approximately \$485.4 million. The primary uses of this cash are capital investments, scheduled debt principal repayments and interest payments. The 2025 Proposed Budget for capital investment totals \$612 million less expected revenues of \$38.3 million. Scheduled debt principal repayments in 2025 total \$90 million for SMUD and \$14.3 million for SFA (detail included in SFA budget documentation).

We currently maintain \$300 million in commercial paper capacity and a \$100 million line of credit. Any new money needs can be handled through short-term borrowing or issuing new long-term debt.

## **Business Unit Budgets**

The following pages show the detailed budgets and organizational information for each Business Unit of SMUD.

## Customer & Community Services

The Customer & Community Services budget includes all residential and commercial customer-focused services such as the Contact Center, retail client services and customer experiences. Also included are costs for billing, revenue assurance, and commercial development. Lastly, this budget includes support of Community Energy Services.

### Segments & Work Processes

The Business Intelligence & Operations Support segment integrates operational excellence efforts, data analytics and reporting. It uses operational and customer insights to improve program and service delivery.

The Community Energy Services (CES) segment is SMUD's retail organization that provides strategic and operational products and services in support of public power. It extends our best-in-class service to Community Choice Energy providers in support of SMUD's diversified business strategic direction. CES provides our award-winning call center operations, billing services and product design and delivery solutions to our clients. This helps our clients deliver cleaner power to their communities and continues our efforts to be a leader in clean power efforts across California.

The Customer Experience Planning & Integration segment is responsible for identifying, developing and deploying strategic customer experience enhancements across a variety of channels and digital assets. We bring together our best customer experience strategy, planning and deployment systems for complete implementation in residential and business applications.

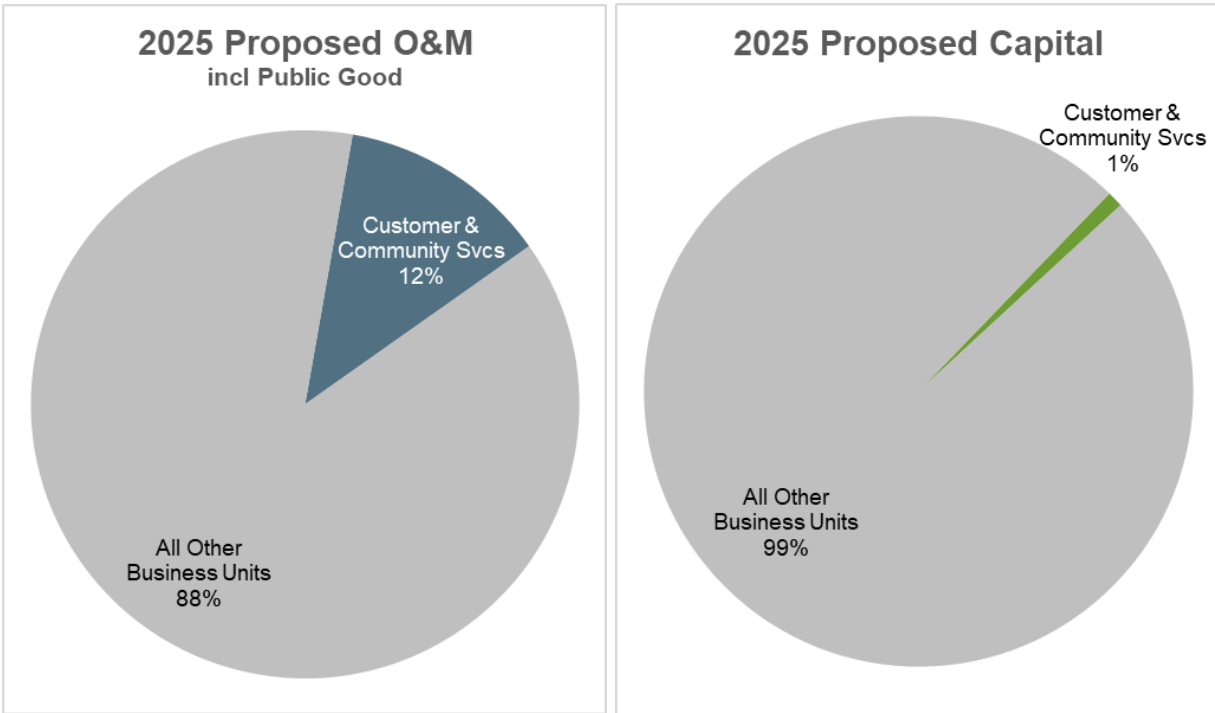
The Customer Operations & Assistance segment provides support for customer billing and payments, collections and claims activities. This group also provides customers and the community with essential support services and resources designed to ease financial challenges and connect to community care programs. We also design and offer personalized products and services aligned with SMUD's 2030 Clean Energy Vision.

The Customer Success segment is comprised of multiple departments with the unified goal of exceeding customer expectations. This group delivers best-in-class service and customized solutions for SMUD's residential and commercial segments. They empower SMUD customers with comprehensive resources and tools to increase energy efficiency, promote sustainability and lower the cost to serve our region. This team is also instrumental in driving the local business economy from business attraction to commercial development to account solutions and management. Once a business account is activated, SMUD's Strategic Account Advisors serve as dedicated energy experts and a first point-of-contact to address questions and provide customized energy solutions to help our business community thrive.



### Business Unit Budget Summary

The following section includes the budget report for the Business Unit presented by the cost categories and its segments. Additionally, you can see from the charts below what proportion the Customer & Community Services Business Unit represents for SMUD in each of the cost categories.



**Customer & Community Services Budget Summary by Segment (\$000s)**

Funding Type by Segment	2024 Budget	2025 Proposed	\$ Change vs Budget	% Change vs Budget
<b>O&amp;M Expense (incl Public Good)</b>				
Customer Success	\$41,422	\$39,575	(\$1,847)	-4%
Customer Operations & Assistance	37,694	35,877	(1,817)	-5%
Community Energy Services	14,794	16,038	1,244	8%
Customer Experience Planning & Integration	4,858	6,867	2,009	41%
Business Intelligence & Operations Support	6,746	5,983	(763)	-11%
<b>Total O&amp;M (incl Public Good)</b>	<b>\$105,515</b>	<b>\$104,340</b>	<b>(\$1,175)</b>	<b>-1%</b>
<b>Capital Expenditures</b>				
Customer Operations & Assistance	7,884	5,494	(2,390)	-30%
<b>Total Capital</b>	<b>7,884</b>	<b>5,494</b>	<b>(2,390)</b>	<b>-30%</b>
<b>Total Business Unit Budget</b>	<b>\$113,399</b>	<b>\$109,833</b>	<b>(\$3,565)</b>	<b>-3.1%</b>

### Energy Delivery & Operations

The Energy Delivery & Operations budget includes the costs of delivering electricity to our customers and maintaining the ability to do so safely and reliably. Also, the cost of electrical transmission, line inspections, corrective and preventative maintenance, vegetation management, and underground cable work are included here. Lastly, this budget includes program management services for construction and other non-technology projects, transmission and distribution planning and operations, operational efficiency efforts, and environmental, safety and real estate services.

#### Segments & Work Processes

The Distribution Planning & Operations (DP&O) segment develops short-term and long-term plans for SMUD's distribution system and asset management strategies for its transmission and distribution assets to ensure safety, capacity, reliability, and regulatory compliance requirements are achieved. DP&O operates SMUD's distribution system for the safe and reliable delivery of energy to our customers.

The Environmental, Safety & Real Estate Services segment provides environmental compliance; environmental stewardship; employee, contractor, and public safety; and real estate/land asset management services. This segment supports SMUD's business unit needs to achieve a zero-injury culture, a commitment to environmental leadership, and key support to the 2030 Clean Energy Vision.

The Line Assets segment includes all activities associated with design, modification, and installation of transmission and distribution lines; wildfire hardening and vegetation management; transmission and distribution system inspection; and prioritized system maintenance and improvement. This segment also includes design and installation of residential meters, service conductors, subdivision facilities, commercial, third party attachments, industrial developments, overhead and underground line extensions, outdoor lighting, and traffic signals.

The Operational Excellence segment supports the 2030 Clean Energy Vision by developing and managing a framework to reduce costs, increase efficiency and drive a culture of continuous improvement across the company.

The Strategic Services & Operations PMO segment provides portfolio management, program and project execution, continuous business process and technology solutions. This segment also delivers innovative solutions and provides business value by effectively managing the Operations PMO portfolio of projects and continuous improvement initiatives to reduce costs, increase efficiencies, and improve customer and stakeholder satisfaction.

This segment includes the Sacramento Power Academy (SPA), a vital resource to SMUD and the community that works to build skills and grow careers by providing the best training to our employees from development to analysis and delivery. The Sacramento Power Academy manages training for all Energy Delivery & Operations, Power Generation, Facilities, Warehouse and Fleet as well as manages SMUD's fifteen skilled trades apprenticeship programs of which twelve programs are state and/or federally certified.

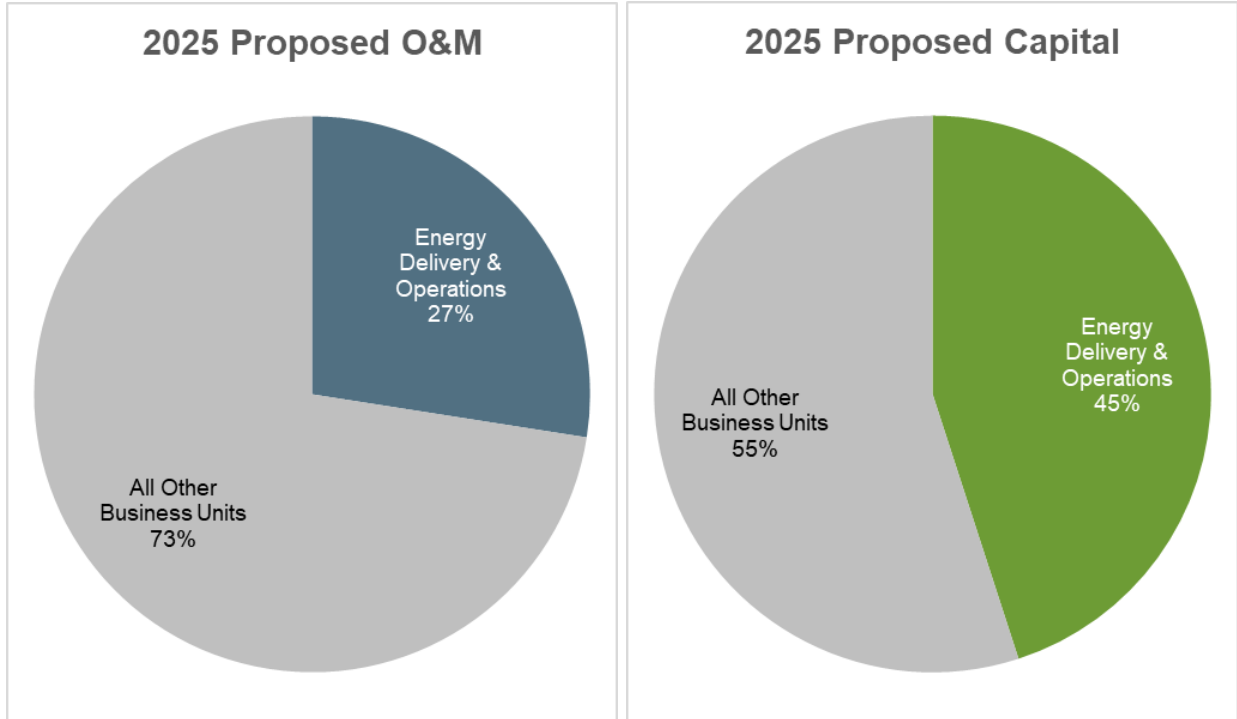
The Substation, Telecom, Network & Metering segment includes all activities associated with design, modification, and installation of transmission and distribution substations, transmission

and generation line design and modifications, transmission and generation line encroachments, installation and maintenance of the underground network grids, transmission and distribution substation system inspection, and prioritized system maintenance and improvement. This segment also includes design and installation of meters, the downtown network system, and telecommunication systems relaying critical substation information to the Power System Operations team.

The Transmission Planning & Operations (TP&O) segment develops short-term and long-term system plans for SMUD's transmission grid to meet load serving capability, reliability, and regulatory compliance requirements. TP&O manages and operates the assets which remotely control and monitor fuel to generation sources and SMUD's extra high voltage transmission, generation, and gas pipeline system to deliver electrical energy to SMUD's distribution system. This segment also operates the Balancing Authority of Northern California (BANC) that includes transmission and generation facilities for Western Area Power Administrations (WAPA), United States Bureau of Reclamation (USBR), City of Roseville, City of Redding, Modesto Irrigation District, and the 500kV COTP, which stretches SMUD's operational control from the California-Oregon border to south of Modesto.

**Business Unit Budget Summary**

The following section includes the budget report for the Business Unit presented by the cost categories and its segments. Additionally, you can see from the charts below what proportion the Energy Delivery & Operations Business Unit represents for SMUD in each of the cost categories.

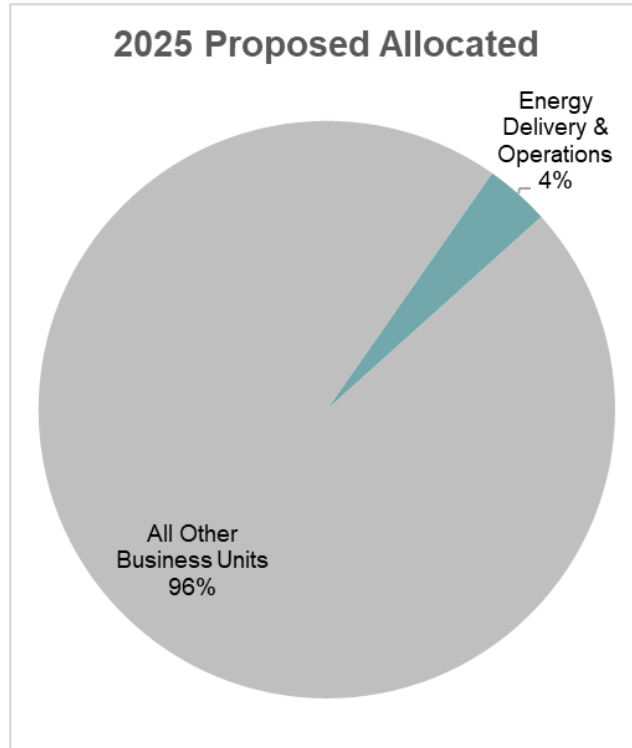


**Energy Delivery & Operations Budget Summary by Segment (\$000s)**

Funding Type by Segment	2024 Budget	2025 Proposed	\$ Change vs Budget	% Change vs Budget
<b>O&amp;M Expense</b>				
Line Assets	\$119,195	\$123,613	\$4,418	4%
Substation, Telecom, Network & Metering	31,352	31,043	(309)	-1%
Transmission Planning & Operations	33,795	32,575	(1,220)	-4%
Distribution Planning & Operations	24,213	25,340	1,127	5%
Strategic Services & Operations PMO	8,257	7,040	(1,217)	-15%
Environmental, Safety & Real Estate Services	4,795	5,271	476	10%
Operational Excellence	1,503	1,541	38	3%
<b>Total O&amp;M</b>	<b>223,110</b>	<b>226,422</b>	<b>3,312</b>	<b>1%</b>
<b>Capital Expenditures</b>				
Line Assets	96,132	95,296	(836)	-1%
Substation, Telecom, Network & Metering	127,501	147,007	19,506	15%
Transmission Planning & Operations	6,954	6,720	(234)	-3%
Distribution Planning & Operations	1,746	1,581	(166)	-9%
Environmental, Safety & Real Estate Services	6,960	2,205	(4,755)	-68%
<b>Total Capital</b>	<b>239,294</b>	<b>252,809</b>	<b>13,515</b>	<b>6%</b>
<b>Total Business Unit Budget</b>	<b>\$462,404</b>	<b>\$479,231</b>	<b>\$16,827</b>	<b>4%</b>

**Energy Delivery & Operations Allocated Budget Summary by Segment (\$000s)**

Allocated expenditures are included in all SMUD Business Unit O&M and Capital line items. The Allocated budget of this Business Unit is presented here for informational purposes only.



Funding Type by Segment	2024 Budget	2025 Proposed	\$ Change vs Budget	% Change vs Budget
<b>Allocated Expense</b>				
Environmental, Safety & Real Estate Services	\$5,452	\$5,755	\$303	6%
<b>Total Allocated</b>	<b>\$5,452</b>	<b>\$5,755</b>	<b>\$303</b>	<b>6%</b>



### Zero Carbon Energy Solutions

The Zero Carbon Energy Solutions budget includes SMUD's integrated resource planning processes; energy transaction settlements; and design, construction, maintenance, and transition of SMUD's power generation assets. This includes operating and maintaining SMUD's hydroelectric reservoirs and powerhouses, thermal and cogeneration power plants, gas pipeline, and renewable generation wind and solar resources. Also included is establishing and developing new business partnerships, grants and research and development that align and support SMUD's 2030 zero carbon goal, as well as customer program planning and implementation and development of the strategic roadmap for distributed energy resources.

#### Segments & Work Processes

The Advanced Energy Solutions segment is responsible for planning and implementation of customer programs and products in support of SMUD's 2030 Zero Carbon Plan goals. Areas of focus include building electrification and energy efficiency, green pricing, electric vehicles, load flexibility, and energy storage.

The Customer & Grid Strategy segment is responsible for the development of the strategic roadmap for distributed energy resources, the research and demonstration of innovative and emerging technologies, and the coordination of their execution. This includes developing and launching pilots to determine feasibility, infrastructure, and resource investments at scale, developing business cases and return on investment for integration into production, and working with key stakeholders to transition to implementation.

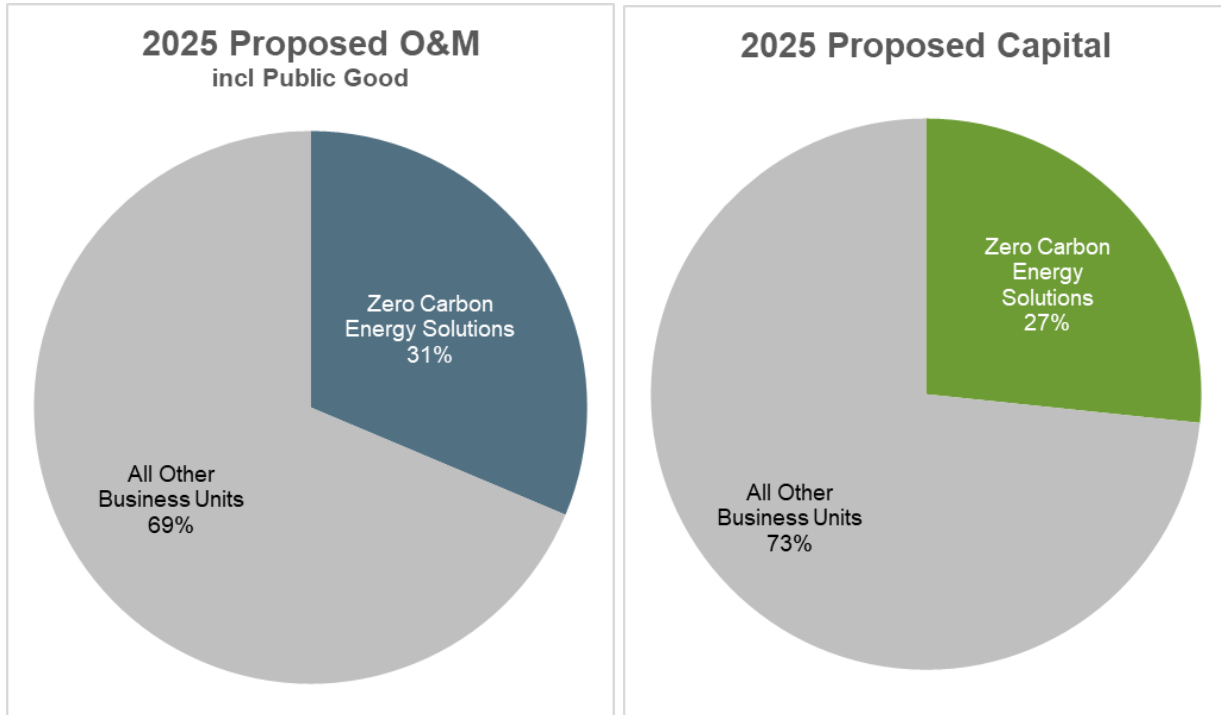
The Power Generation segment consists of the physical assets which provide natural gas and generate electrical power from hydro, thermal and renewable generation power sources and the employees who design, construct, operate, maintain, and manage those physical assets. Also included in the Power Generation segment is decommissioning, which is responsible for the monitoring of long-term fuel storage facilities.

The Research & Development, Grants and Partnerships segment is responsible for identifying and investigating partnerships and technologies that can contribute to the reliability and affordability of achieving the 2030 Zero Carbon Plan. This segment develops partnerships with community partners, peer utilities and technology developers to accelerate technology development and deployment that aligns with the needs of SMUD, as well as the region. Collaboration includes pursuit of grant funding, execution of pilot projects, and transitioning research-based initiatives into standard practices. Internal to SMUD, this group focuses on identification of gaps and barriers that exist along the path to zero carbon and focuses on delivering solutions that help overcome those key challenges.

The Resource & Market Planning and Settlements segment provides the organization with strategic, long-term integrated resource planning and market strategy to help SMUD achieve our long-term greenhouse gas goals, meet all state resource and environmental related mandates, expand renewable generation, and maintain a reliable electric system at reasonable rates. This segment also includes commodity settlements which is dedicated to the analysis, reconciliation, and settlement of SMUD owned and contracted wholesale generation, transmission, and gas supply portfolio, used to meet SMUD's load.

**Business Unit Budget Summary**

The following section includes the budget report for the Business Unit presented by the cost categories and its segments. Additionally, you can see from the charts below what proportion the Zero Carbon Energy Solutions Business Unit represents for SMUD in each of the cost categories.



Zero Carbon Energy Solutions Budget Summary by Segment (\$000s)

Funding Type by Segment	2024 Budget	2025 Proposed	\$ Change vs Budget	% Change vs Budget
<b>O&amp;M Expense (incl Public Good)</b>				
Power Generation	\$121,586	\$132,687	\$11,101	9%
Advanced Energy Solutions	83,951	92,690	8,739	10%
Resource & Market Planning and Settlements	8,760	8,445	(315)	-4%
Research & Development, Grants & Partnerships	13,908	19,650	5,742	41%
Customer & Grid Strategy	4,576	4,816	240	5%
<b>Total O&amp;M (incl Public Good)</b>	<b>\$232,781</b>	<b>\$258,289</b>	<b>25,508</b>	<b>11%</b>
<b>Capital Expenditures</b>				
Power Generation	174,697	150,762	(23,935)	-14%
Research & Development, Grants & Partnerships	2,261	1,677	(585)	-26%
<b>Total Capital</b>	<b>176,958</b>	<b>152,438</b>	<b>(24,520)</b>	<b>-14%</b>
<b>Total Business Unit Budget</b>	<b>\$409,739</b>	<b>\$410,727</b>	<b>\$988</b>	<b>0%</b>

### Information Technology

The Information Technology budget includes costs to deliver technology solutions to our community and employees that are secure, reliable, and supportive of SMUD's current and future technology needs. This encompasses delivery and support of information technology systems, applications, and hardware, protecting SMUD's technology and information assets, setting enterprise technology strategy, and planning for and deploying future evolutions in technology in alignment with SMUD's 2030 Zero Carbon Plan.

#### Segments & Work Processes

The AI, Automation & Customer Self-Service Technologies segment leads the design, delivery and ongoing evolution of SMUD's approach to Artificial Intelligence (AI)-enabled strategies, including data governance, analytics, Robotics Process Automation and test automation, enterprise document management, integration technologies and data science. The team is also responsible for the technical design, development, implementation, evaluation and modification of customer self-service technology programs, including integrated solutions to effectively deploy platforms including web, mobile, chat, text and other outbound communication channels.

The Customer & Grid Operations Technology Center segment is responsible for the development, oversight and implementation of Customer and Grid technology programs, projects, and solutions while ensuring the delivery of safe and reliable power. The team is focused on technology solutions to support the transformation of the distribution grid, which provide the building blocks necessary to accomplish SMUD's 2030 Zero Carbon Plan.

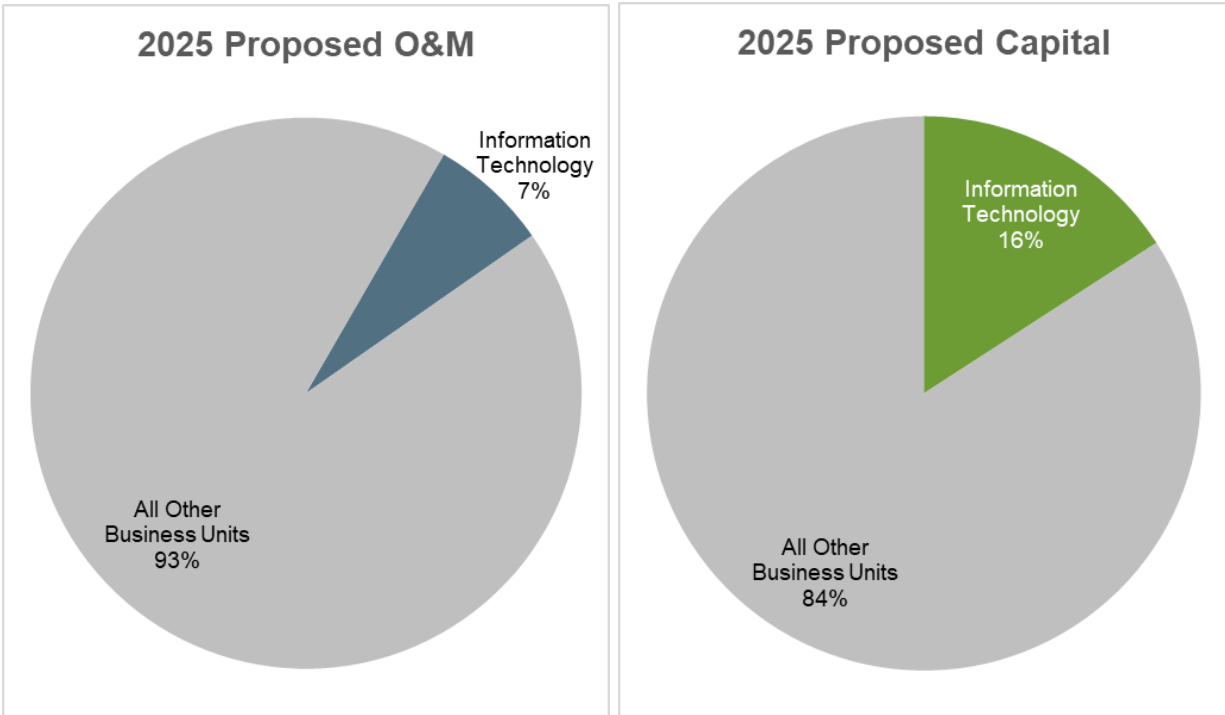
The Cybersecurity segment works as strategic advisors and subject matter experts to protect our people, processes, and technologies from possible cyberattacks and intrusions, using an organization-wide risk management approach.

The Enterprise Systems, Strategy & Governance segment provides architecture, analysis, design, configuration, development, platform administration, application security, enterprise content management and ongoing support for SMUD's core business platforms. In addition, the team provides oversight and governance for IT's agile practice, project management office, strategic planning, and relationship building services. Together, these teams enable feature-rich, reliable technology solutions for SMUD employees and customers, in alignment with SMUD's Enterprise Strategy and 2030 Zero Carbon Plan.

The IT Infrastructure Platform Services segment provides reliable, highly available technology infrastructure, services, and solutions. The Infrastructure Platform Services segment provides corporate data/voice network, server/storage infrastructure, corporate email, and system administration services, IT support center, endpoint computing, computer operations, data center administration, infrastructure change management, IT Disaster Recovery, and IT asset management.

**Business Unit Budget Summary**

The following section includes the budget report for the Business Unit presented by the cost categories and its segments. Additionally, you can see from the charts below what proportion the Information Technology Business Unit represents for SMUD in each of the cost categories.

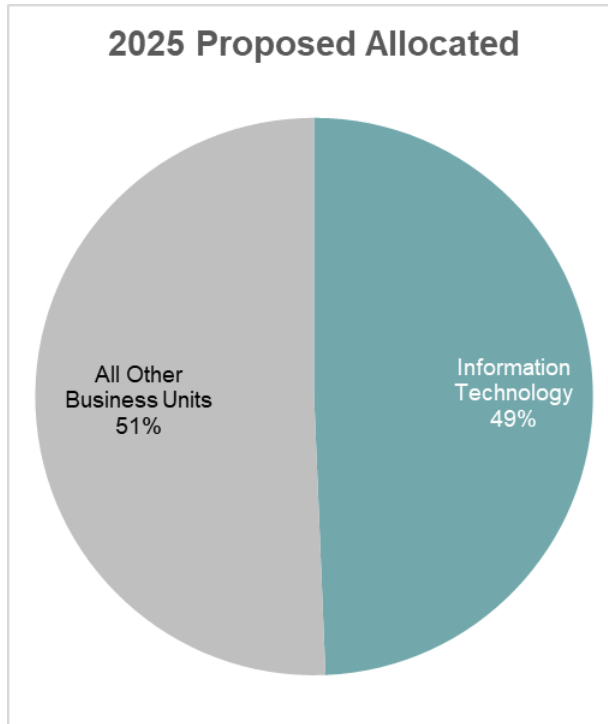


Information Technology Budget Summary by Segment (\$000s)

Funding Type by Segment	2024 Budget	2025 Proposed	\$ Change vs Budget	% Change vs Budget
<b>O&amp;M Expense</b>				
Customer & Grid Operations Technology Center	\$10,086	\$21,874	\$11,789	117%
Enterprise Systems, Strategy & Governance	19,031	21,167	2,136	11%
AI, Automation & Customer Self-Service Technologies	11,476	7,019	(4,457)	-39%
Cybersecurity	2,832	4,400	1,568	55%
IT Infrastructure Platform Services	1,446	4,115	2,669	185%
<b>Total O&amp;M</b>	<b>44,871</b>	<b>58,576</b>	<b>13,705</b>	<b>31%</b>
<b>Capital Expenditures</b>				
Customer & Grid Operations Technology Center	40,995	72,308	31,312	76%
Enterprise Systems, Strategy & Governance	6,069	10,136	4,067	67%
AI, Automation & Customer Self-Service Technologies	4,248	3,841	(408)	-10%
Cybersecurity	913	685	(228)	-25%
IT Infrastructure Platform Services	7,936	5,532	(2,404)	-30%
<b>Total Capital</b>	<b>60,161</b>	<b>92,501</b>	<b>32,340</b>	<b>54%</b>
<b>Total Business Unit Budget</b>	<b>105,032</b>	<b>151,077</b>	<b>\$46,045</b>	<b>44%</b>

**Information Technology Allocated Budget Summary by Segment (\$000s)**

Allocated expenditures are included in all SMUD Business Unit O&M and Capital line items. The Allocated budget of this Business Unit is presented here for informational purposes.



Funding Type by Segment	2024 Budget	2025 Proposed	\$ Change vs Budget	% Change vs Budget
<b>Allocated Expense</b>				
Customer & Grid Operations Technology Center	\$20,155	\$21,913	\$1,758	9%
Enterprise Systems, Strategy & Governance	8,552	8,757	205	2%
AI, Automation & Customer Self-Service Technologies	8,560	10,961	2,401	28%
Cybersecurity	9,080	8,829	(251)	-3%
IT Infrastructure Platform Services	27,283	27,575	292	1%
<b>Total Allocated</b>	<b>\$73,631</b>	<b>\$78,035</b>	<b>\$4,405</b>	<b>6%</b>

### Workforce, Diversity & Enterprise Partnerships

The Workforce, Diversity & Enterprise Partnerships budget includes the costs of employee services such as talent management, benefits management, learning and development programs as well as implementing strategies to establish SMUD as a diverse and inclusive employer. Also included are Sustainable Communities initiatives and programs which support community partnerships and help drive energy equity ensuring all in our service territory benefit from SMUD's 2030 Zero Carbon goal. Lastly, this budget supports work that attracts and retains businesses throughout SMUD's service territory and establishes career pathways to zero carbon economy jobs through workforce training programs.

#### Segments & Work Processes

The DEIB, Learning & Sustainable Communities segment serves as a catalyst for change both within SMUD and across our service territory. This team deploys DEIB initiatives and programs to establish SMUD as a diverse and inclusive employer, and position SMUD as a key player in the utility industry to achieve equity for the communities it serves. The Economic Development & Partnerships team promotes the region's economic vitality by employing strategies to attract, retain, and grow rate-paying businesses in our service area. The Sustainable Communities team invests in community partnerships that strengthen our neighborhoods and provide equitable support to encourage inclusive economic development in our region. Through Regional Workforce Development programs, this segment creates equitable and diverse career pathways to zero carbon jobs through education and on-the-job opportunities for underrepresented individuals participating in our workforce training programs.

The Enterprise Change & Organizational Effectiveness segment provides expert consulting and support for people strategies that build organizational capacity. The organizational effectiveness team delivers programs in the areas of employee engagement, succession planning, and strategic workforce planning. The change management team develops change management plans for large scale, complex changes.

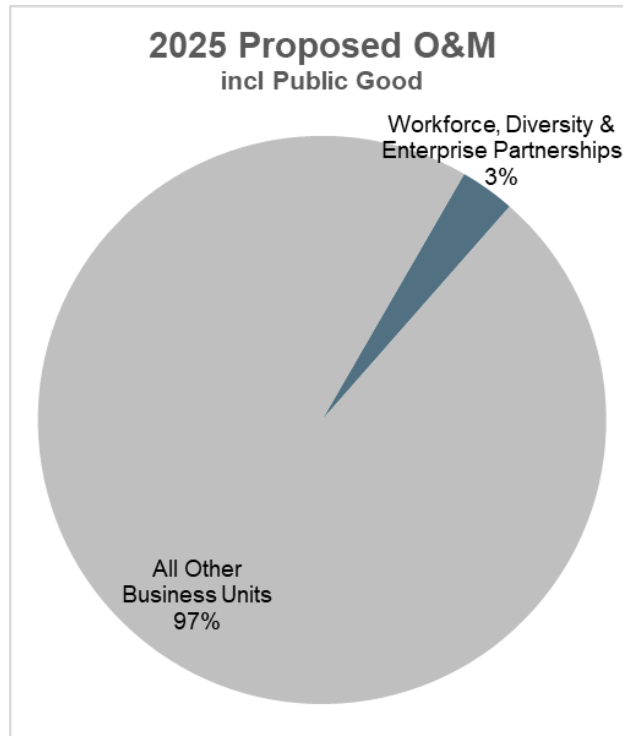
The Facilities, Security, & Emergency Operations segment provides planning, coordination, operations, and maintenance services for SMUD grounds and facilities. The segment also provides essential fire, physical security, emergency preparedness/response, and enterprise continuity services for SMUD.

The People Services & Strategies segment provides services, programs, and proactive strategic solutions for developing and maintaining a high quality and diverse workplace that engages and inspires employees to commit to SMUD's purpose, vision, and values. This segment delivers human resource services and strategies that include talent outreach & acquisition, benefits, performance, policies, employee & labor relations, and wellness programs to create an inclusive environment where SMUD employees thrive and do their best.



**Business Unit Budget Summary**

The following section includes the budget report for the Business Unit presented by the cost categories and its segments. Additionally, you can see from the chart below what proportion the Workforce, Diversity and Enterprise Partnerships Business Unit represents for SMUD in each of the cost categories.

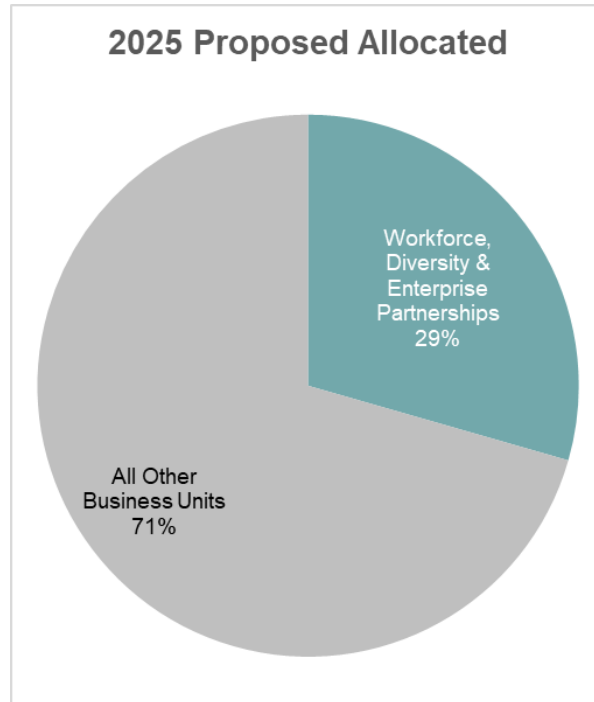


**Workforce, Diversity & Enterprise Partnerships Budget Summary by Segment (\$000s)**

Funding Type by Segment	2024 Budget	2025 Proposed	\$ Change vs Budget	% Change vs Budget
<b>O&amp;M Expense (incl Public Good)</b>				
DEIB, Learning & Sustainable Communities	\$12,200	\$14,942	\$2,742	22%
Facilities, Security & Emergency Operations	10,601	7,293	(3,308)	-31%
People Services & Strategies	4,326	3,623	(703)	-16%
<b>Total O&amp;M (incl Public Good)</b>	<b>\$27,127</b>	<b>\$25,859</b>	<b>(1,268)</b>	<b>-5%</b>
<b>Capital Expenditures</b>				
Facilities, Security & Emergency Operations	34,115	37,259	3,144	9%
<b>Total Capital</b>	<b>34,115</b>	<b>37,259</b>	<b>3,144</b>	<b>9%</b>
<b>Total Business Unit Budget</b>	<b>\$61,242</b>	<b>\$63,118</b>	<b>\$1,875</b>	<b>3%</b>

**Workforce, Diversity & Enterprise Partnerships Allocated Budget Summary by Segment (\$000s)**

Allocated expenditures are included in all SMUD Business Unit O&M and Capital line items. The Allocated budget of this Business Unit is presented here for informational purposes only.



Funding Type by Segment	2024 Budget	2025 Proposed	\$ Change vs Budget	% Change vs Budget
<b>Allocated Expense</b>				
DEIB, Learning & Sustainable Communities	\$4,826	\$4,286	(\$540)	-11%
Facilities, Security & Emergency Operations	27,700	29,345	1,645	6%
People Services & Strategies	8,610	10,025	1,415	16%
Enterprise Change & Organizational Effectiveness	3,275	2,897	(378)	-12%
<b>Total Allocated</b>	<b>\$44,410</b>	<b>\$46,553</b>	<b>\$2,142</b>	<b>5%</b>

### Corporate

The Corporate budget includes the costs associated with corporate governance such as executive management and internal audit; strategic and finance functions like accounting, treasury, financial planning, and enterprise performance; and enterprise services such as communications, marketing, and community relations, procurement, warehouse, fleet and energy trading and contracts. Also included are the legal functions of legislative, regulatory, government affairs, corporate legal and records management, as well as ensuring adherence to all industry reliability and compliance standards and requirements.

#### Segments & Work Processes

The Communications, Marketing & Community Relations segment promotes the adoption of the SMUD brand and increases awareness of programs, services, and value to the community through marketing, market research, community engagement, digital communication channels and image production and postal services.

The Enterprise Affairs segment includes business unit type costs that are unique and not associated with one work process. Examples include storm costs, hazard mitigation, and contingency funds.

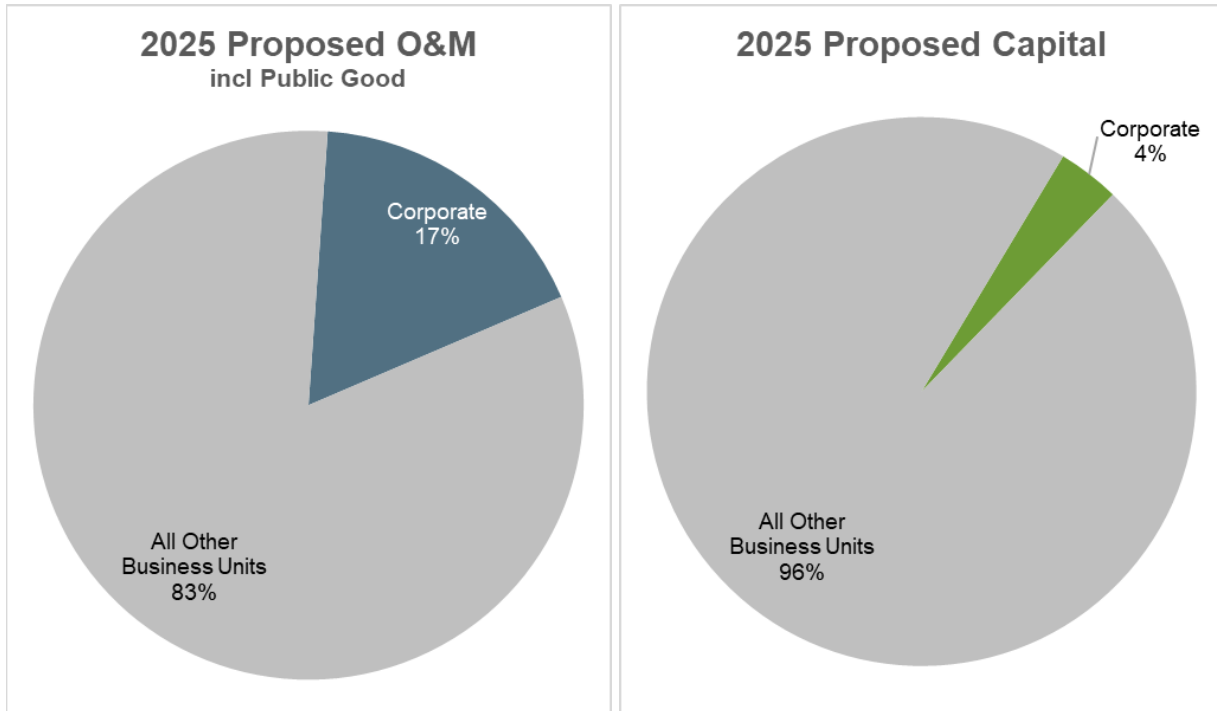
The Finance & Strategy segment coordinates the prioritization, development and reporting of strategic and operational plans, budgets, financial statements, and performance metrics for SMUD and JPAs. This area is also responsible for development of customer pricing of retail energy and load forecasting. This segment also manages accounting functions, investments, insurance programs and funding requirements, monitors enterprise-wide risk exposures, industry and market power issues and updates business and economic forecasts.

The Governance segment is responsible for the planning, organizing, staffing, leading/engaging, and controlling/monitoring of overall activities to ensure that SMUD goals are achieved.

The Legal, Government Affairs and Contracts segment has responsibility for all legal matters to which SMUD is a party or to which it is legally interested, and is responsible for enterprise records, management, and coordination regarding federal and state regulatory requirements, legislative initiatives and governmental policies, local and regional ordinances and policies and compliance filings to meet mandatory reliability standards. This segment also provides fleet equipment and services, warehousing and logistics support, and contracting solutions that support all other areas of SMUD. In addition, this segment is responsible for purchasing power to meet SMUD's energy needs and selling any excess power we generate to help ensure SMUD's energy resources are optimized and reliable in our service territory.

**Business Unit Budget Summary**

The following section includes the budget report for the Business Unit presented by the cost categories and its segments. Additionally, you can see from the charts below what proportion the Corporate Business Unit represents for SMUD in each of the cost categories.

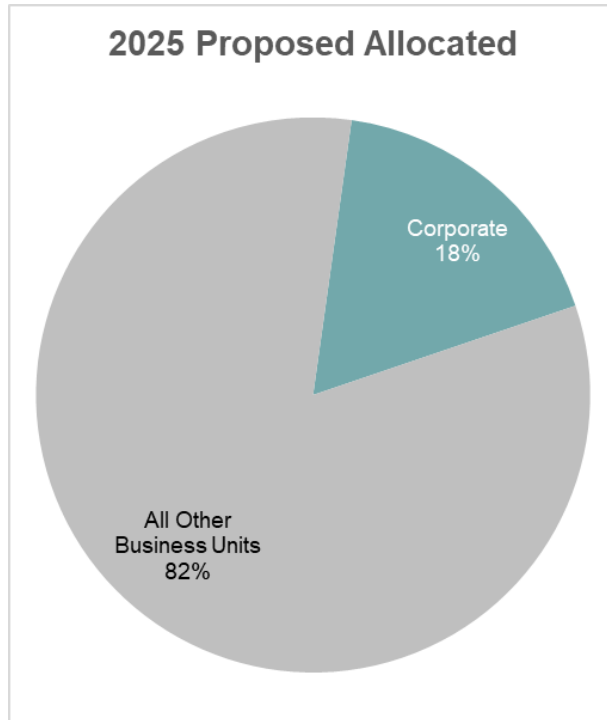


**Corporate Budget Summary by Segment (\$000s)**

Funding Type by Segment	2024 Budget	2025 Proposed	\$ Change vs Budget	% Change vs Budget
<b>O&amp;M Expense (incl Public Good)</b>				
Finance & Strategy	\$62,801	\$67,001	\$4,200	7%
Communications, Marketing & Community Relations	31,485	35,830	4,345	14%
Legal, Government Affairs & Contracts	29,214	28,002	(1,212)	-4%
Governance	14,288	13,165	(1,123)	-8%
Enterprise Affairs	-	2,254	2,254	100%
<b>Total O&amp;M (incl Public Good)</b>	<b>\$137,787</b>	<b>\$146,251</b>	<b>8,464</b>	<b>6%</b>
<b>Capital Expenditures</b>				
Legal, Government Affairs & Contracts	13,947	17,591	3,644	26%
Enterprise Affairs	-	3,680	3,680	100%
<b>Total Capital</b>	<b>13,947</b>	<b>21,271</b>	<b>7,324</b>	<b>53%</b>
<b>Total Business Unit Budget</b>	<b>\$151,735</b>	<b>\$167,522</b>	<b>\$15,787</b>	<b>10%</b>

**Corporate Allocated Budget Summary by Segment (\$000s)**

Allocated expenditures are included in all SMUD Business Unit O&M and Capital line items. The Allocated budget of this Business Unit is presented here for informational purposes only.



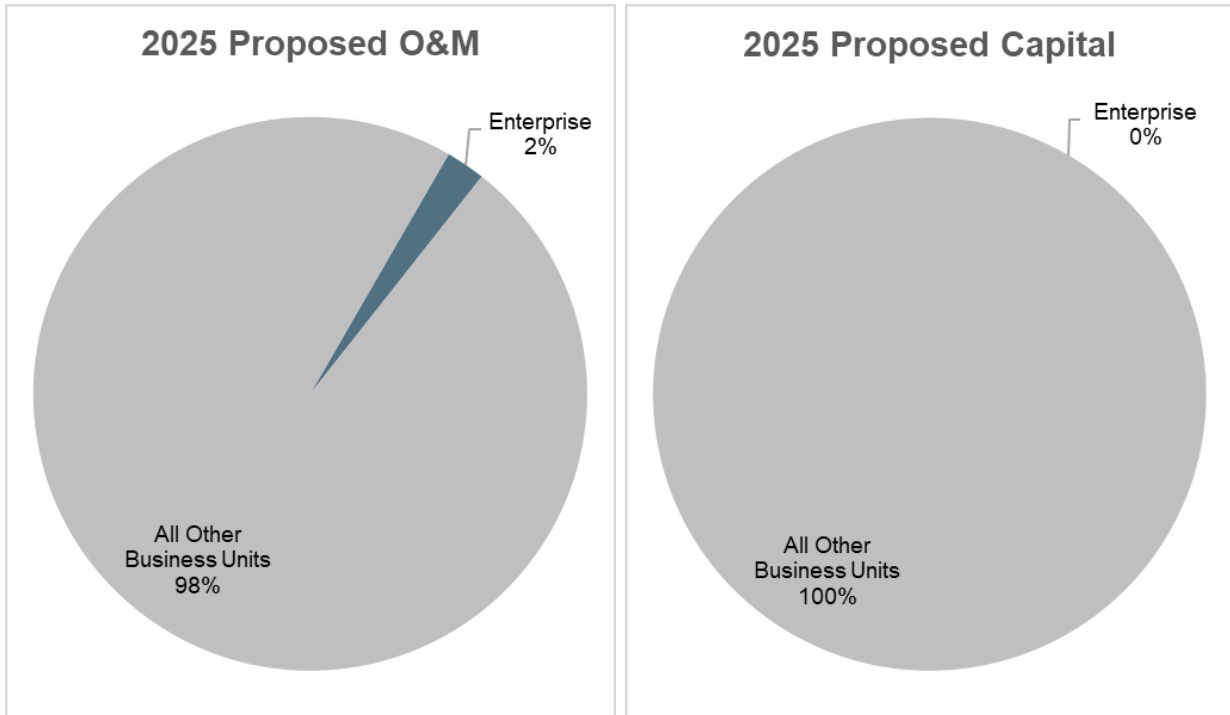
Funding Type by Segment	2024 Budget	2025 Proposed	\$ Change vs Budget	% Change vs Budget
<b>Allocated Expense</b>				
Legal, Government Affairs & Contracts	\$28,853	\$27,776	(\$1,077)	-4%
<b>Total Allocated</b>	<b>\$28,853</b>	<b>\$27,776</b>	<b>(\$1,077)</b>	<b>-4%</b>

## Enterprise

The Enterprise budget includes corporate contingency, claims, reserves, settlements, and other company-wide special items.

### Business Unit Budget Summary

The following section includes the budget report for the Business Unit presented by the cost categories and its segments. Additionally, you can see from the charts below what proportion the Enterprise Business Unit represents for SMUD in each of the cost categories.





**Enterprise Budget Summary by Segment (\$000s)**

Funding Type by Segment	2024 Budget	2025 Proposed	\$ Change vs Budget	% Change vs Budget
<b>O&amp;M Expense</b>				
General	\$1,845	\$1,866	\$22	1%
Contingency	-	17,459	17,459	100%
<b>Total O&amp;M</b>	<b>1,845</b>	<b>19,325</b>	<b>17,480</b>	<b>948%</b>
<b>Capital Expenditures</b>				
General	7,607	-	(7,607)	-100%
Contingency	15,000	-	(15,000)	-100%
<b>Total Capital</b>	<b>22,607</b>	<b>-</b>	<b>(22,607)</b>	<b>-100%</b>
<b>Interest Expense</b>				
JPA Interest Expense	4,067	3,382	(685)	-17%
<b>Total Business Unit Budget</b>	<b>\$28,518</b>	<b>\$22,707</b>	<b>(\$5,811)</b>	<b>-20%</b>

## Supplemental Information

1. [Power Supply & Requirements](#)
  - a. Power Supply Assumptions
  - b. Energy Sales & Requirements
  - c. Energy Requirements
2. [SMUD Generation Sources](#)
3. [Purchased Power](#)
4. [Greenhouse Gas Emissions Estimate](#)
5. [Capital Project Details](#)
6. [Cost Categories](#)
7. [Expense Type Descriptions](#)
8. [Financial Statement Line Item Descriptions](#)
9. [Summary of Debt Service on Existing SMUD Bond Issues](#)
10. [Resolutions](#)

## Power Supply & Requirements

The 2030 Zero Carbon Plan is the basis for the operating assumptions for the 2025 Proposed Budget. Electricity and natural gas prices are forecasted to be lower than what was projected in the 2024 Budget. The Upper American River Project (UARP) generation will be slightly higher due to less planned outages, renewable generation is expected to be higher than the 2024 budget due to Solano 4 being on-line for the full year, and thermal generation is expected to be lower due to importing renewable geothermal contracts.

### Energy Sales & Requirements

Total expected supply requirements for the 2025 Proposed Budget are forecasted to be approximately 2% higher than the 2024 Budget. Our expected retail energy sales to customers are projected to increase and our expected system peak load is forecasted to increase.

The following tables provide additional information regarding generation, purchased power and market transactions.

Description	2024 Budget	2025 Proposed	Change vs Budget
Expected System Peak (MW)	2,966	2,977	11
Expected Retail Energy Sales (GWh)	10,302	10,500	198
Expected Wholesale Sales, Distribution & Transmission Losses (GWh)	475	485	10
Expected Supply Requirements (GWh)	10,777	10,985	208
<b>Generation:</b>			
Total SMUD Generation (GWh)	8,718	7,833	(885)
SMUD Generation as a % of expected supply requirement	81%	71%	-10%
<b>Purchased Power:</b>			
Net Purchased Power (GWh)	2,059	3,153	1,094
Net Purchased Power as % of expected supply requirement	19%	29%	10%
<b>Gas:</b>			
Expected Gas Burn (NG+Biogas) for Thermal Generation and Steam Sales (mmBtu)	46,329,132	38,012,002	(8,317,130)
Committed Fuel (NG+Biogas) Purchases (mmBtu)	37,658,451	34,845,701	(2,812,750)
Committed Purchases (NG+Green Gas) as a % of Expected for Thermal Generation and Steam Sales	81%	92%	11%
<b>Actual / forward prices of uncommitted transactions:</b>			
On Peak Power Price Forecast (\$/MWh)	\$90	\$52	(\$38)
Off Peak Power Price Forecast (\$/MWh)	\$63	\$51	(\$12)
Flat Power Price Forecast (\$/MWh)	\$78	\$51	(\$27)
Forward Natural Gas Price Forecast (\$/mmBtu)	\$5.56	\$4.24	(\$1.32)

**Energy Supply Requirements**

Description (GWh)	2024 Budget	2025 Proposed	Change vs Budget	% Change vs Budget
<b>Generation:</b>				
SMUD-Owned Large Hydro	1,528	1,586	58	4%
SMUD-Owned Gas Fired	6,263	5,186	(1,077)	-17%
SMUD-Owned Renewable	927	1,061	134	14%
<b>Total Generation</b>	<b>8,718</b>	<b>7,833</b>	<b>(885)</b>	<b>-10%</b>
<b>Market Energy:</b>				
Market Sales	(3,992)	(3,188)	804	-20%
Long-Term Contracts	5,411	5,507	96	2%
Short-Term Purchases	314	394	80	25%
Market Purchases	331	450	119	36%
<b>Total Market Transactions</b>	<b>2,064</b>	<b>3,163</b>	<b>1,099</b>	<b>53%</b>
<b>Market Energy:</b>				
Transmission Losses	(5)	(10)	(5)	110%
<b>Total Supply Requirement</b>	<b>10,777</b>	<b>10,985</b>	<b>208</b>	<b>2%</b>

The following sections have details about the budget assumptions for SMUD’s power supply by generation and purchasing sources.

Return to [O&M Budget Summary](#) section

## SMUD Generation Sources

### **SMUD Hydroelectric (Upper American River Project)**

The 2025 Budget assumes median rainfall and normal starting reservoir levels in 2025. Generation is expected to be 1,645 GWh.

### **Other SMUD Renewable Generation: South Fork, Chili Bar, Photovoltaic, Hedge Battery, Solano Wind**

The 2025 Budget assumes average generation subject to limitations governing the operation of each location. The largest contributor, Solano Wind, is expected to generate 900 GWh.

### **Cosumnes Power Plant**

This 603 MW gas-fired combined cycle power plant began commercial operation in February 2006. Forecasted generation from this plant in 2025 is 3,782 GWh.

### **Carson Cogeneration**

This gas-fired cogeneration project, which began commercial operation in October 1995, consists of a 65 MW combined cycle unit and a 42 MW peaking unit. With the installation of an auxiliary steam boiler in 2017, if running the cogeneration unit is uneconomic, it can be turned off. Energy will be supplied from the auxiliary boiler instead of the cogeneration unit. The forecasted generation from this facility in 2025 is 327 GWh.

### **Procter & Gamble Cogeneration**

This gas-fired cogeneration plant began commercial operation in March 1997. It consists of a 136 MW combined cycle power plant and a 50 MW peaking unit that became operational in May 2001. With the installation of an auxiliary steam boiler in 2016, if running the cogeneration unit is uneconomic, it can be turned off. Steam will be supplied from the auxiliary boiler instead of the cogeneration unit. Forecasted generation from this facility in 2025 is 632 GWh.

### **Campbell Soup Cogeneration**

This gas-fired combined cycle plant began commercial operation in December 1997. It consists of a 160 MW combined cycle power unit. Beginning in 2008 the 72 MW McClellan gas turbine is also included under SPA. Forecasted generation from these two units in 2025 is 573 GWh.

Return to the [O&M Budget Summary](#) section.

## Purchased Power

The 2025 Budget assumes delivery of energy and capacity from the following contracts:

Counterparty	Capacity MW	Energy GWh	Expiration Date
Western Area Power Administration (WAPA) / Central Valley Project (CVP)	318 MW	748 GWh	2054
Western Area Power Administration (WAPA Wheeling)	18 MW	30 GWh	2054
Sutter Energy Center	258 MW	1,240 GWh	2026
Kiefer Landfill Biogas	13 MW	109 GWh	Kiefer I - 2025 Kiefer II - 2026
IBR Highwinds	75 MW	34 GWh	2025
Yolo Biogas	2.4 MW	21 GWh	2026
Feed-in-Tariff Solar Projects	100 MW	208 GWh	2030
Calpine Geysers Geothermal	100 MW	876 GWh	2032
Van Warmerdam Dairy Biogas	0.5 MW	2 GWh	2033
New Hope Dairy Biogas	0.4 MW	2 GWh	2033
Patua (aka Gradient) Geothermal	19 MW	146 GWh	2033
Conergy Solar	1.3 MW	2 GWh	2034
Van Steyn Dairy Biogas	0.12 MW	1 GWh	2025
Rancho Seco Solar I	11 MW	22 GWh	2036
Recurrent Solar	60 MW	171 GWh	2037
CalEnergy Geothermal	30 MW	223 GWh	2039
Grady Wind	200 MW	897 GWh	2044
Wildflower Solar	13 MW	31 GWh	2045
Rancho Seco Solar II	160 MW	330 GWh	2051
Drew Solar	100 MW	298 GWh	2051
Sloughhouse Solar	50 MW	66 GWh	2052
Hatchet Ridge Wind	101 MW	16 GWh	2040

## SMUD 2025 Budget

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The balance of energy requirements to meet forecasted sales to customers will be met by short-term purchases of energy.

Some of the long-term and short-term contracts will be delivered over SMUD's 528 MW share of the California-Oregon Transmission Project (Northwest) or under the South-of-Tesla transmission agreement with PG&E (Southwest & Southern California). These purchases are coordinated through SMUD's membership in the Western Systems Power Pool (WSPP), which facilitates sales and exchanges among its 30 member utilities, and through market trading.

Return to [O&M Budget Summary](#) section.

## Greenhouse Gas Emissions Estimate

Source	Emissions (1,000 MT CO <sub>2</sub> e)
Thermal Emissions less any Cogen Steam Sales: *	
Cosumnes	1,429
Proctor	274
Campbell	255
Carson	124
McClellan	0
Calpine Sutter	505
Short-Term Purchases	168
Uncommitted Purchases, Sales and Losses	(735)
<b>Total</b>	<b>2,020</b>

\*SMUD thermal emissions are estimates based on 2025 forecast and historical emissions factors.

Based on 2025 budgeted generation from SMUD thermals, purchased power, hydro generation, and renewables, our SD-7 greenhouse gas emissions are estimated to be about 2.0 million metric tonnes. This estimate is based on normal conditions, and the use of our thermals and associated emissions could be lower or higher based on actual conditions in the 2025 operating year. Further, the estimate assumes our short-term power purchases are from general market power which carry an emissions factor. While carbon-free power purchases are subject to hydro conditions and availability year to year, SMUD’s Energy Traders continually look for opportunities to purchase clean power from the market to reduce greenhouse gas emissions in our portfolio.



## Capital Project Details

The following is additional detail of the \$612 million 2025 capital project budget for each Business Unit organized by major project groupings.

### Energy Delivery & Operations Capital Projects

<p><b>Distribution Substation Improvements</b></p> <p>Large substation improvements including Station J 21kV underground infrastructure, proactive network transformer and protector replacement, Delta Shores substation, lower pressure gas filled 21kV cable replacement, Intel #2 substation, Crystal Creamery bank #1 upgrade, Power Line-Allbaugh new substation, Village Mills-Rancho Cordova bank #2, Gardendale bank #1 replacement, Franklin-Elk Grove bank #2, Carico-Cape Verde bank #2, Easton-Glenborough West substation, Alder Creek-Bradshaw bank #2, San Simeon-Stefano bank #1 transformer replacement, Royale-Yorkshire bank #1 transformer replacement and UC Davis Medical Center phase 1 underground line.</p>	<p><b>\$84,000</b></p>
<p><b>Transmission Substation Improvements</b></p> <p>Major transmission substation projects including Elverta substation rebuild, Station J substation addition, Station G expansion, Orangevale Bank 1 bulk transmission and various CB replay replacements, substation equipment storage, Rancho Seco coupling capacitor potential device replacement, Pocket 3rd bank 230-69kV transformer and Carmichael 230kV CB 5920 replacement.</p>	<p><b>\$63,149</b></p>
<p><b>New Services Connections</b></p> <p>Projects associated with the connection of commercial/industrial &amp; agricultural and residential customers. Includes service &amp; meter projects, subdivision new services, local agency projects, CIS panel upgrades and Natomas Basin levy and Rusch Park to I-80 projects.</p>	<p><b>\$26,276</b></p>
<p><b>Line Distribution Projects</b></p> <p>Equipment replacement and upgrades and line work including various 69kV feeder tie projects such as Elverta 4-5, Pocket Line 6, Grant Line Cordova Hills and Elk Grove 2 &amp; 4; various 21kV projects like South city sub feeder, feeder tie south 2304/5/6; various 12kV related projects such as Kiefer Grant Line feeder, Winding Way recon, Laguna Springs/Sirroco extension, and 24th Gardendale recon; 21kV South city sub feeder; Crystal Creamery transfer upgrade; Delta Shores Bank 1 69kV tap &amp; 12kV feeder; SCADA projects for Kiefer-Jackson #1 &amp; #2 and PCA recloser installation.</p>	<p><b>\$25,196</b></p>
<p><b>Cable Replacement &amp; Rehabilitation</b></p> <p>Program to reduce the yearly number of primary underground cable failures which decreases future outages, repair costs, customer issues and the quantity of poorly performing circuits.</p>	<p><b>\$21,622</b></p>
<p><b>Distribution Replacements (Non-network)</b></p> <p>Work to repair, replace or install transformers, switchgear, reclosers, capacitor banks, down line wires, air switches, etc.</p>	<p><b>\$11,083</b></p>

**Energy Delivery & Operations Capital Projects, continued**

<b>Pole Replacement &amp; Reinforcement</b>	<b>\$7,864</b>
Includes replacing poles that have failed an inspection and must be replaced as well as pole reinforcements.	
<b>Transmission Interconnection Projects</b>	<b>\$6,720</b>
EMS lifecycle upgrades and customer interconnection project planning.	
<b>Environmental Projects</b>	<b>\$2,205</b>
Developing and implementing soil/groundwater investigation and remediation projects under agency oversight within Sacramento County, including 59th Street and the Formerly Community Linen sites.	
<b>Substation Easement &amp; Land</b>	<b>\$1,581</b>
Various land acquisitions such as Big Horn-Kammerer, Grant Line and Stonehouse Road.	
<b>Transmission Line Projects</b>	<b>\$1,257</b>
Transmission line structure replacement program.	
<b>Grid Modernization</b>	<b>\$1,170</b>
69kV line sensor upgrades and Distribution Automation (DA) recloser replacements.	
<b>Other Various Projects</b>	<b>\$685</b>
<b>Total Proposed Capital Expenditures</b>	<b>\$252,809</b>

**Zero Carbon Energy Solutions Capital Projects**

<b>Thermal Projects</b>	<b>\$33,399</b>
JPA thermal improvement projects including Campbell Soup Generator (CSG) excitation, Cosumnes Power Plant (CPP) Selective Catalytic Reduction (SCR) media replacement, CPP CT rotor LTEs, #2 LP section harp replacement, CPP stage 1 HP/IP rotor LTE, CTG2 & 3 turndown and CPP spare transformer.	
<b>Hydro Generation</b>	<b>\$32,980</b>
Includes Camino 1 rehab project, White Rock T1 replacement, Camino Unit T1 replacement, Camino T2 replacement, UARP radio and crane controls upgrades, Loon Lake transformer replacement, Gerle Canal relining project, UARP generator and transformer protection upgrade, hydromet system assessment and upgrade, Loon Lake 69kV cable assessment and replacement.	
<b>Renewable Projects</b>	<b>\$31,188</b>
Placer (Country Acres) solar, Country Acres II solar + storage, Oveja Ranch solar, spare transformer, and RSS2 BESS.	
<b>Hydro License &amp; Other</b>	<b>\$20,590</b>
Includes Recreation Plan projects such as the Loon Lake campground, equestrian facility and reservoir upgrades, implementation fees and Upper American River Project (UARP) culvert mitigation phase 2.	
<b>Storage Projects</b>	<b>\$18,825</b>
Includes Energy Storage System Phase 1 California Energy Commission (CEC) grant and McClellan battery energy storage systems (BESS) projects.	
<b>Decommissioning</b>	<b>\$7,471</b>
Used fuel management of the Rancho Seco Independent Spent Fuel Storage Installation (ISFSI) in accordance with Nuclear Regulatory Commission (NRC) regulation and SMUD specific license requirements.	
<b>Solano Wind</b>	<b>\$4,864</b>
Solano Wind 2 repower assessment.	
<b>Grants</b>	<b>\$1,651</b>
Fast Available Charging for All Californians (FAST) mobile energy grant.	
<b>Gas Pipeline</b>	<b>\$1,445</b>
Improvements, testing and replacements of the local gas pipeline.	
<b>Other Various Projects</b>	<b>\$25</b>
<b>Total Proposed Capital Expenditure:</b>	<b>\$152,438</b>

**Information Technology Capital Projects**

<b>New Technology Projects</b>	<b>\$79,701</b>
Development and implementation of new technologies including CCPC T2-Grid Edge Intelligence, CCPC T4-OMS replacement, CCPC T3-DERMS phase 4, S/4 HANA implementation, Click field service Edge replacement (WFO), digital platform transformation, residential managed charge program implementation, SAP Demand Side Management (DSM) replacement, vegetation work management solution, ED&O long-term project resource planning tool, WFO mobility and scheduling, and Contact Center QA analytics tool.	
<b>Lifecycle Projects</b>	<b>\$8,551</b>
Upgrades of infrastructure, storage, and network equipment that has reached the end of useful life across all datacenters and campuses. Also included are UARP voice radio system refresh, enterprise EDM upgrade, Archibus upgrade, Genentec network video, GTECH upgrade, telecom lead acid batteries, ESRI upgrade, substation security perimeter intrusion detection system (PIDS), telecom inverters and cybersecurity hardware.	
<b>Enhancement Projects</b>	<b>\$4,250</b>
Improvements to existing technologies including IVR migration to Genesys, real-time pole top LIDAR weather station, digitize network inspection forms, inside plant fiber optic cable upgrade, FAST-SMUD charging network EV app, SAP plant maintenance digital forms/workflow, autocad vault solution, zero trust device management, commercial ACH-PUSH payments and field collection system replacement.	
<b>Total Proposed Capital Expenditure:</b>	<b>\$92,501</b>

**Enterprise Capital Projects**

<b>OPEB &amp; PERS Amortization</b>	<b>\$50,260</b>
Retiree medical, dental and unfunded actuarial accrued liability amortization costs (OPEB) and retirement contributions (PERS) unfunded accrued liability costs shifted from expense to the balance sheet to align our budget with our accounting treatment.	
<b>Total Proposed Capital Expenditures</b>	<b>\$50,260</b>

**Workforce, Diversity & Enterprise Partnerships Capital Projects**

<b>Folsom Administrative Operations Building</b>	<b>\$25,000</b>
This includes the land purchase, pre-planning efforts, and utilities work for the new Folsom Administrative Operations Building.	
<b>Facilities Projects</b>	<b>\$12,259</b>
This includes facility electrical system, building infrastructure, site infrastructure and mechanical system development. Also, HQ/EMC site perimeter fence, reconfigurations planning and substation development projects.	
<b>Total Proposed Capital Expenditures</b>	<b>\$37,259</b>

**Corporate Capital Projects**

<b>Vehicle Replacement</b>	<b>\$13,984</b>
Electric vehicle purchases and replacements related to work efficiency, legal and regulatory compliance and lifecycle.	
<b>Contingency</b>	<b>\$3,680</b>
<b>Fuel Supply Improvements</b>	<b>\$3,607</b>
Capital improvements and modifications to SMUD's portion of PG&E gas lines.	
<b>Total Proposed Capital Expenditures</b>	<b>\$21,271</b>

**Customer & Community Services Capital Projects**

<b>Meters</b>	<b>\$5,494</b>
Purchase and installation of meters	
<b>Total Proposed Capital Expenditures</b>	<b>\$5,494</b>

### Cost Categories (or funding types)

The budget includes the following major components:

**Operating Expenses (O&M):** Expenses related to producing and acquiring energy, operating and maintaining the electrical delivery system, providing service to customers including public goods (energy efficiency, low-income assistance, new renewable generation sources, and research and development of advanced technologies) programs, and corporate activities. Included within this category as a separate line item are commodity costs associated with energy supply. These costs include purchased power, fuel for energy production, and transmission wheeling costs.

Also included in O&M are operating and interest expense associated with SFA: Carson Cogeneration plant, Procter & Gamble plant, Campbell Soup Cogeneration plant, Cosumnes Power Plant; NCGA No. 1, and NCEA pass-through gas costs. These expenses are shown in the SMUD budget because SMUD will reimburse SFA, NCGA No. 1 and NCEA for their costs under the terms of the Power and Gas Purchase Agreements. The detailed SFA, NCGA No. 1 and NCEA budgets are also in separate booklets and/or resolutions as they will be approved by the SFA, NCGA No. 1 and NCEA Commissions.

**Capital Investments:** Investment in additions and improvements to SMUD's property, plant and equipment. The Capital investment budget includes all qualifying costs related to acquiring or constructing tangible and intangible assets which meet SMUD's capitalization guidelines - cost exceeding \$5,000 and an estimated service life greater than two years. SMUD follows Federal Energy Regulatory Commission (FERC) capitalization guidelines which dictate the inclusion of all direct costs (labor, employee benefits, materials, services and other) and a proportionate share of indirect costs (engineering and construction supervision and support, transportation, insurance, etc.) related to capital projects. Capital assets are depreciated on a straight-line basis over their estimated useful service life.

**Allocated Expenses:** A portion of the costs in four business units: Information Technology, Workforce, Diversity & Enterprise Partnerships, Energy Delivery & Operations and Corporate, which enable the business units to perform work. These costs are pooled and then allocated to both O&M and capital costs based on the quantity of labor hours planned in the receiving business unit. The aggregated allocated costs are presented in the budget documentation separately as information only; the actual costs are reflected in each of the Business Unit's budgets as part of the total cost of their work processes. Examples of allocated costs are enterprise-wide used software, safety services, human resources, procurement and fleet services.

**Debt Service:** Interest expense on and principal repayments of SMUD's outstanding long-term debt and commercial paper notes, any revenues or payments on interest rate swaps, and trustee fees and debt issuance costs.

Return to [Budget Summary Overview](#) section

## Expense Type Descriptions

**Activity Type Labor:** SMUD employee labor planned to a business unit work process. Each Activity Type has a standard hourly charge-out rate that is based on work (non-leave) hours, average annual employee salaries, and includes benefits.

**Materials & Equipment:** Materials and equipment either issued from inventory or purchased for a specific project or task.

**Other Expenses:** Is a grouping of several non-material costs including dues and publications, memberships, training, travel, rents, leases, license fees, taxes, advertising, utilities, and postage.

**Outside Services:** The cost of outside services contracts, consultants, and outside legal counsel services.

**Insurance:** The cost of insurance premiums.

**Rebates & Incentives:** The cost of rebates and incentives paid to customers for energy efficiency, building electrification and electric transportation programs.

**Commodities:** The cost of purchased power, wheeling, and fuel for SMUD and JPA generating plants, net of surplus/wholesale power sales which represents revenues from the sale of generation and bulk power purchases which are surplus to our generation needs.

**Reimbursements:** Reimbursements, cost-sharing grants, or pass-through amounts received from outside parties to reduce net costs.

**Allocations/Surcharges:** Includes cost center overheads and surcharges. Cost center overheads are a rate developed to recover the indirect costs of a Cost Center and includes labor for administration, supervision, training, and miscellaneous expenses such as office supplies and travel. It is assessed per hour of labor planned directly to the work processes. Surcharge rates are developed to recover 1) an allocation of internal service costs such as transportation and technology assessed per hour of labor planned directly to the work processes, 2) the costs of procuring outside service agreements and costs of procuring, storing, and handling materials and equipment and 3) miscellaneous general and administrative SMUD expenses including insurance and risk management, cash management, debt management, and other assessed to capital and public good projects based on a flat percentage of overall SMUD labor.

Return to [Budget Summary Overview](#) section

## Financial Statement Line Item Descriptions

**Sales to Customers:** The Sales to Customers budget is the revenue received from our residential and commercial electrical customers for power usage.

**RSF & Other Deferrals:** The Rate Stabilization Fund (RSF) & Other Deferrals budget includes revenues deferred to or recognized from the rate stabilization fund.

**Other Electric Revenue:** The Other Electric Revenue budget is the revenue received from other services such as Community Energy Services in support of Community Choice Aggregators, LCFS revenues, steam sales, rental income and miscellaneous services revenues.

**Commodities:** The Commodities budget includes the long, medium and short-term power, electric transmission, and natural gas purchases. The budget is shown net of surplus and wholesale power sales revenue, which represents revenues from the sale of generation and bulk power purchases which are surplus to our generation needs.

**Customer & Community Services:** Follow this [link](#) to learn more about this business unit.

**Energy Delivery & Operations:** Follow this [link](#) to learn more about this business unit.

**Zero Carbon Energy Solutions:** Follow this [link](#) to learn more about this business unit.

**Information Technology:** Follow this [link](#) to learn more about this business unit.

**Workforce, Diversity & Enterprise Partnerships:** Follow this [link](#) to learn more about this business unit.

**Corporate:** Follow this [link](#) to learn more about this business unit.

**Enterprise:** Follow this [link](#) to learn more about this business unit.

**Public Good:** Public Goods programs include customer public good programs such as solar rebates and incentives, low income & medical rate subsidies and administration, emerging technologies, energy efficiency and building electrification. It also includes research and development projects such as EV charging, renewable initiatives such as biomass gasification, and distributed technology.

**Depreciation and Amortization:** The depreciation and amortization budget are the depreciation of SMUD's electric utility property, plant and equipment as well as the assets of SFA. The budget amount is based on existing property, plant and equipment and estimated completion dates for construction work-in-progress, and the most current depreciation rates. It also includes amortization of costs associated with the operating license for SMUD's Upper American River Project (UARP) hydroelectric generation facilities and Rancho Seco fuel decommissioning.

**Interest Income and Other:** The interest income and other budget is SMUD's interest income, based on the assumption that SMUD will earn an average of approximately 2.90 percent on unrestricted and restricted cash balances. This line also includes any interest earned by SFA, NCGA No. 1 and NCEA on their fund balances. Also included in this line is miscellaneous income.



**Other Non-Cash:** The other non-cash budget includes write-off of project costs, corporate capital surcharge, Contributions in Aid of Construction (CIAC), advance capacity payments and uncollectable expense for non-retail sales. Write-off of project costs includes an estimate of current projects undergoing feasibility studies that will not be developed. CIAC represents the recognition of money received for development costs, grant projects and capital items, which is offset by depreciation expense in the same period.

**Interest Expense:** The interest expense budget includes accrual basis interest on long-term debt and commercial paper which reflects SMUD's obligation for existing debt, and interest expense on SFA, NCGA No. 1 and NCEA bonds.

**Interest Payments:** Represents the cash basis interest payments on SMUD, SFA, NCGA No.1 and NCEA bonds, commercial paper notes, and SMUD's share of TANC bonds, not including amortization of deferred bond issuance costs and gain/loss on bond refundings.

**Principal Payments:** Represents scheduled repayment of long-term debt.

**Cash Available to Pay Fixed Costs:** Represents the net cash flow before interest expense on a consolidated basis.

**Fixed Charge Coverage Ratio:** The fixed charge coverage ratio is a measure of the number of times net cash flow before interest expense on a consolidated basis covers total cash debt service payments, including both interest and principal, for SMUD, SFA and SMUD's share of TANC debt service.

**Rate Stabilization Fund:** Fund set up by the Board to provide protection against a rate increase in years where weather conditions or other non-controllable events cause large budget variances. No transfers in or out of the Rate Stabilization Funds are budgeted.

**Unrestricted Cash:** Cash available for operating and capital expenditures. Detail of change is shown on the Pro Forma Sources and Uses of Cash.

**Restricted for Debt Service:** Amounts deposited in restricted debt service funds as fixed by Bond Resolutions.

**Total Electric Utility Plant:** Production, transmission and distribution, and general plant facilities.

**Total Restricted Funds (including Rate Stabilization Fund (RSF):** Funds reserved for specific uses. The Rate Stabilization Fund is intended to defer the need for future rate increases when costs exceed existing rates.

**Total Current Assets:** Short-term, liquid assets that are expected to be converted to cash within one fiscal year. They include cash and cash equivalents, marketable securities, accounts receivable, inventory and supplies, prepaid expenses and other liquid assets.

**Total Noncurrent Assets:** Assets that are not expected to be converted into or used as cash within one year. They typically have a life of more than one year and their cost is spread out over time either through depreciation, amortization or depletion over their estimated useful life. They include equipment, real estate, patents, and long-term investments.

**Deferred Outflows of Resources:** Resources expended over time rather than immediately.

**Long Term Debt:** Debt that matures in more than one year. Includes credit lines, loans and bonds with obligations and maturities greater than one year.

**Total Current Liabilities:** Debts or obligations that are due to be paid within one year.

**Total Noncurrent Liabilities:** Financial obligations that are not due for more than a year. They include longer-term loans, deferred revenue, lease obligations, pension obligations and bonds payable.

**Deferred Inflows of Resources:** Resources received before they are earned.

**Total Net Position:** The difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources.

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Summary of Debt Service on Existing SMUD Bond Issues (\$000s)

Date Issued	Issue	1/1/2025 Principal Balance	Issued Interest Rate	Final Maturity Date	2025 Scheduled Principal Payment	2025 Interest Expense
<b>Electric Revenue Bonds</b>						
Jul-16	Series D (Refunding)	\$74,785	5.00%	2028	\$0	\$3,344
Dec-17	Series E (Refunding)	61,570	3.00% to 5.00%	2028	17,625	2,813
Aug-18	Series F (Refunding)	62,140	5.00%	2028	14,050	2,834
Apr-19	Series G	191,875	5.00%	2041	14,470	9,352
May-20	Series H	400,000	4.00% to 5.00%	2050	0	18,699
Jul-21	Series I (Refunding)	91,525	5.00%	2028	0	4,165
Jun-22	Series J (Refunding)	59,565	2.06%	2032	21,775	5,017
Jun-23	Series L (Refunding)	200,000	5.00%	2041	2,080	2,939
Jun-23	Series K	107,915	5.00%	2033	0	10,000
Apr-24	Series M	250,000	5.00%	2033	20,045	12,500
Apr-24	Series N	399,610	5.00%	2033	0	19,981
	<b>Subtotal</b>	<u>\$1,249,375</u>			<u>\$90,045</u>	<u>\$91,643</u>
<b>Subordinated Electric Revenue Bonds</b>						
Jul-19	Series B	100,000	5%	2049	-	5,000
Jun-23	Series C <sup>1</sup>	132,820	Variable	2041	-	1,686
Jun-23	Series D	100,000	5%	2049	-	5,000
	<b>Subtotal</b>	<u>\$332,820</u>			<u>\$0</u>	<u>\$11,686</u>
	Total Outstanding Bonds	<u>\$1,582,195</u>	Principal & Interest Payments		<u>\$90,045</u>	<u>\$103,329</u>
	<b>Total Debt Service</b>				<u><b>\$90,045</b></u>	<u><b>\$103,329</b></u>

**Footnote:**

- 1) Swapped to a fixed rate for the life of the debt, interest expense net of swap payment. Interest expense without swap would be \$3,960,600.

Return to [Debt Service](#) section.

## **Resolutions**

1. 2025 Budget Resolution
2. Debt Resolution

**RESOLUTION NO. 24-12-06**

**WHEREAS**, the proposed 2025 Budget is expected to result in a positive net income for 2025; **NOW, THEREFORE**,

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

**Section 1.** This resolution may be referred to as the 2025 Budget Resolution.

**Section 2.** (a) There is hereby appropriated from the General Fund sufficient monies for the payment of demands against SMUD which relate to obligations incurred for the purposes and within the amount specified for such purposes in the following projection of SMUD's program for the period January 1, 2025, through December 31, 2025.

Operations and maintenance:

Commodity - purchased power, fuel, and wheeling	\$610,000,000
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Public Goods	67,630,890
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Customer, energy delivery, zero carbon, workforce diversity & enterprise partnerships, information technology, corporate services & Rancho Seco	786,248,204
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Sub-Total	\$1,463,879,094
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Debt Service	205,393,922
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Capital and reserve	612,031,708
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<b>TOTAL</b>	<b>\$2,281,304,724</b>
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(b) The Commodity line-item budget is based on assumptions of average rainfall and temperatures during 2025. SMUD has in place a Hydro Generation Adjustment (SMUD HGA) mechanism whereby, based on the actual rainfall amounts between April 1, 2024, and March 31, 2025 in comparison to the budget assumptions, SMUD may transfer funds to or from the Hydro Rate Stabilization Fund and, once pre-established limits are met, increase or decrease customer rates. The Commodity line-item budget will be increased or reduced based on the actual transfer and/or change in customer revenues from the SMUD HGA adjustment.

(c) SMUD has budgeted to receive energy in 2025 under its contract with the Western Area Power Administration (WAPA). SMUD has in place a WAPA Hydro Generation Adjustment (WAPA HGA) mechanism whereby, based on the actual delivery from WAPA between April 1, 2024, and March 31, 2025 in comparison to the budget assumptions, SMUD may transfer funds to or from the WAPA Rate Stabilization Fund and, once pre-established limits are met, increase or decrease customer rates. This energy primarily is generated at Central Valley Project hydroelectric plants, and the actual quantity of energy received will be dependent on rainfall, carryover water storage and operation of the WAPA system to meet contractual water deliveries. Because WAPA generation facilities are spread over a wide area, insurance is not practical for offsetting variations of energy deliveries due to weather. One purpose of the Rate Stabilization Fund is to mitigate such variations. The

Commodity line-item budget will be increased or reduced based on the actual transfer and/or change in customer revenues from the WAPA HGA adjustment

(d) Budgeted energy purchases necessary to meet customer energy sales requirements (10,500 GWh) are based on average weather conditions and expected customer growth in 2025. Should actual weather conditions or growth levels cause SMUD retail sales and related energy requirements to be higher, the Commodity line item budget will be increased by the NP15 power price per megawatt-hour of additional retail energy sales to offset the cost of these sales.

(e) SMUD participates in regulatory programs such as Low Carbon Fuel Standard (LCFS) and Cap-and-Trade. Under these programs, SMUD has the option to monetize the credits and allowances applicable to these programs through sales transactions. When SMUD collects revenues through these sales, it is required to apply the proceeds toward specific expenses that support the program goals. An additional purpose of the Rate Stabilization Fund is to mitigate fluctuations from regulatory programs. The Accountant is hereby authorized to transfer funds to or from the Rate Stabilization Fund to match LCFS and Cap-and-Trade revenues with expenses. The budgeted amount will be increased or decreased accordingly.

(f) For purposes of Section 11891.6 of the Municipal Utility District Act, there shall be deemed added to each line item, in section 2a, a 10 percent contingency. Demands against SMUD which relate to obligations incurred for each line item and are within such line item amount plus the 10

percent contingency may be paid without prior specific approval of this Board, provided the total of such payments during 2025 may not exceed the total budget amount plus this 10% contingency, plus the commodity contingency and adjustments for weather hedge contracts, higher retail sales and Rate Stabilization transfers as set forth in paragraphs (b), (c), (d), (e) and (f) above.

**Section 3.** Demands against SMUD may be paid without the prior specific approval of this Board if they relate to obligations incurred for the purpose and within the amounts specified in Section 2, provided such demands are approved by the CEO & General Manager or someone to whom he has delegated such approval authority. It is the purpose and intent of this paragraph to delegate to the CEO & General Manager authority to make purchases, to negotiate and execute contracts, and expend funds in any manner necessary or appropriate to the administration of the business affairs of SMUD, all within the amounts and for the purposes set forth above, and subject to the provisions of existing law and of all the duly passed resolutions of this Board, including the Board-approved delegations of authority.

**Section 4.** At monthly intervals, the Treasurer shall transfer from the General Fund appropriate amounts into each of the various funds established to service SMUD's general obligation indebtedness, its Electric System Revenue Bond indebtedness, and its Electric Revenue Bond indebtedness in approximately equal installments as set forth in the tabulations on file with the Accountant. Investment authority, for all funds, is delegated to the Treasurer for a one-year period in accordance with California Code Section 53607.



**Section 5.** The number of permanent full-time employees during 2025 shall not exceed 2,300 employees plus a five percent contingency without further authorization of this Board.

**Section 6.** The Public Goods Charge shall be adjusted for expenditures of \$104.8 million, which exceeds the minimum of 2.85% of 1994 revenues. The percentage allocation for the public goods charge expenditures shall apply to low-income assistance, energy efficiency, research and development, and new renewable generation.

**Section 7.** The CEO & General Manager, or his designee, is authorized to make future changes to the **Budget** that, in his prudent judgment: (a) further the primary purpose of the **Budget**; (b) are intended to provide a net benefit to SMUD; and (c) do not exceed the authorized **Budget** amounts and applicable contingencies.

Approved: December 12, 2024

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

**RESOLUTION NO. 24-12-07**

Supplemental Resolution (Supplemental )  
to Resolutions No. 6457, 8107, 83-7-26 )  
as amended by Resolution No. 87-10-22, )  
No. 92-12-29, No. 93-12-19, No. 94-12-16, )  
No. 95-12-10, No. 96-12-07, No. 97-12-18, )  
No. 98-11-12, No. 99-12-10, No. 00-12-11, )  
No. 01-12-02, No. 02-11-04, No. 03-12-14, )  
No. 04-12-11, No. 05-12-13, No. 06-12-08, )  
No. 07-12-08, No. 08-12-05, No. 09-12-08, )  
No. 10-12-03, No. 11-12-08, No. 12-12-06, )  
No. 13-12-09, No. 14-12-13, No. 15-12-08, )  
No. 16-12-14, No. 17-12-13, No. 18-12-12, )  
No. 19-11-05, No. 20-12-14, No. 21-12-11, )  
No. 22-12-06, and No. 23-12-10) declaring the )  
intention of the Board of Directors of the )  
Sacramento Municipal Utility District to )  
Authorize the issuance of additional )  
Revenue Bonds )  
\_\_\_\_\_ )

**WHEREAS**, Sacramento Municipal Utility District (“SMUD”) on July 23, 1970, May 2, 1974, and July 21, 1983, by the adoption by its Board of Directors of Resolutions No. 6457, 8107, and 83-7-26, as amended by Resolution No. 87-10-22 adopted October 1, 1987; Resolutions No. 92-2-11, No. 92-12-29, No. 93-12-19, No. 94-12-16, No. 95-12-10, No. 96-12-07, No. 97-12-18, No. 98-11-12, No. 99-12-10, No. 00-12-11, No. 01-12-02, No. 02-11-04, No. 03-12-14, No. 04-12-11, No. 05-12-13, No. 06-12-08, No. 07-12-08, No. 08-12-05, No. 09-12-08, No. 10-12-03, No. 11-12-08, No. 12-12-06, No. 13-12-09, No. 14-12-13, No.15-12-08, No.17-12-13, No. 18-12-12, 19-11-05, 20-12-14, 21-12-11, 22-12-06, 23-12-14 adopted by the Board of Directors on February 6, 1992, December 17, 1992, December 16, 1993, December 15, 1994, December 14, 1995, December 19, 1996, December 17,

1997, November 30, 1998, December 2, 1999, December 7, 2000, December 6, 2001, November 7, 2002, December 4, 2003, December 2, 2004, December 1, 2005, December 7, 2006, December 6, 2007, December 4, 2008, December 3, 2009, December 3, 2010, December 1, 2011, December 6, 2012, December 5, 2013, December 4, 2014, December 3, 2015, December 1, 2016, December 21, 2017, December 20, 2018, November 21, 2019, December 10, 2020, December 9, 2021, December 8, 2022, and December 14, 2023, respectively (collectively, the “Prior Resolutions”), found and determined that it was necessary to raise funds by the issuance of revenue bonds in the maximum principal amount of \$9,055,000,000 pursuant to Sections 12850, et seq., of the California Public Utilities Code (the “Act”); and

**WHEREAS**, in order to provide reliable electric service to its customers, it is necessary for SMUD to make certain capital improvements and other capital expenditures to its system, which capital improvements and other capital expenditures are designed to have useful lives of up to 40 years, or more; and

**WHEREAS**, to fairly apportion the costs of such capital improvements and other capital expenditures among SMUD’s customers who will receive the benefits of such improvements, SMUD has determined to authorize the financing of such improvements and expenditures with bonds of SMUD; and

**WHEREAS**, to provide bond financing for such improvements and expenditures, it now appears necessary to increase the authorized issue of revenue bonds that may be issued by SMUD pursuant to the Act; and

**WHEREAS**, the Board of Directors of SMUD desires to inform its customers and the public of its plans for financing capital improvements and other capital expenditures to its system by specifying certain items for which the proceeds of said revenue bonds are to be used, which uses shall not include daily maintenance and operations costs; **NOW, THEREFORE**,

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

**Section 1.** The Board of Directors of SMUD declares its intention to authorize the issuance of additional revenue bonds or Clean Renewable Energy Bonds for the purpose of financing, in whole or in part, the costs of the capital items identified in SMUD's 2025 capital budget, 2023 and 2024 capital expenditures not previously financed, the prepayment of purchased power or natural gas and the purchase of natural gas reserves, pipelines or storage facilities, for all of which SMUD is authorized by law to issue such bonds. SMUD has paid or reasonably expects to pay certain expenditures (the "Reimbursement Expenditures") in connection with such capital items prior to the issuance of such bonds, and hereby officially declares its intent to use certain proceeds of such bonds to reimburse the Reimbursement Expenditures. The declarations contained in this section are made solely for purposes of establishing compliance with Section 1.150-2 of the U. S. Treasury Regulations, and do not bind SMUD to make any expenditure, incur any indebtedness or proceed with the above-mentioned capital expenditures.

**Section 2.** The maximum principal amount of the additional revenue bonds proposed to be issued under this supplemental resolution is

\$400,000,000. Such maximum principal amount is in addition to the \$9,055,000,000 principal amount of revenue bonds authorized pursuant to the Prior Resolutions. Such additional bonds may be issued in series from time to time, and it shall not be necessary that all of the bonds proposed to be issued be issued at any one time.

Proceeds from the issuance of these bonds will be used to finance capital improvements identified in SMUD's 2025 capital budget, 2023 and 2024 capital expenditures not previously financed, capital expenditures for the prepayment of purchased power or natural gas and the purchase of natural gas reserves, pipelines, or storage facilities. The declarations in this section are made solely to establish compliance with Section 12852 of the California Public Utilities Code, and do not bind SMUD to make any expenditure, incur any indebtedness or proceed with the above-mentioned capital expenditures.

**Section 3.** The maximum term of any of such bonds is 40 years. In the event the maximum authorized amount under a series of bonds is divided into two or more series, the said maximum term shall be calculated in each case from the date of each divided series of bonds.

**Section 4.** The maximum rate of interest to be payable upon such bonds shall not exceed the interest rate per annum equal to the greater of fifteen percent (15 percent) per annum or the yield of United States Treasury bonds having a remaining term equal, as nearly as practicable, to the final maturity of such bonds, as determined by SMUD as of the date of sale of such

bonds, plus three percent (3 percent). The maximum discount with respect to such bonds shall not exceed ten percent (10 percent).

**Section 5.** This resolution shall take effect immediately, subject only to the right of referendum provided in Article 6a of Chapter 6 of Division 6 of the California Public Utilities Code (beginning at Section 12850 thereof).

**Section 6.** The Secretary of SMUD is hereby directed to publish a copy of this resolution once a week for two successive weeks in a newspaper of general circulation published within SMUD's boundaries. At any time within 60 days after the date of the second such publication, a referendum petition signed by voters in number equal to at least three percent (3 percent) of the total vote cast, as defined in Section 11507 of the California Public Utilities Code, demanding the submission of this resolution to a vote of the voters of SMUD for their assent to the issuance of the proposed bonds, may be filed with the Secretary of SMUD. Upon presentation to the Secretary of SMUD of such a referendary petition, this resolution shall not be of effect unless and until it has been assented to by the voters.

Approved: December 12, 2024

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