

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

Date: Tuesday, August 13, 2024

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

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

Powering forward. Together.



AGENDA

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

Tuesday, August 13, 2024
SMUD Headquarters Building, Auditorium
6201 S Street, Sacramento, California
Scheduled to begin at 6:00 p.m.

This Committee meeting is noticed as a joint meeting with the Board of Directors for the purpose of compliance with the Brown Act. In order to preserve the function of the Committee as advisory to the Board, members of the Board may attend and participate in the discussions, but no Board action will be taken. The Finance & Audit Committee will review, discuss and provide the Committee's recommendation on the agenda items.

Virtual Viewing or Attendance:

Live video streams (view-only) and indexed archives of meetings are available at:
http://smud.granicus.com/ViewPublisher.php?view_id=16

Zoom Webinar Link: [Join Board Finance & Audit Committee Meeting Here](#)

Webinar/Meeting ID: 160 355 7378

Passcode: 955836

Phone Dial-in Number: 1-669-254-5252 or 1-833-568-8864 (Toll Free)

Verbal Public Comment:

Members of the public may provide verbal public comment by:

- Completing a sign-up form at the table outside of the meeting room and giving it to SMUD Security.
- Using the "Raise Hand" feature in Zoom (or pressing *9 while dialed into the telephone/toll-free number) during the meeting at the time public comment is called. Microphones will be enabled for virtual or telephonic attendees when the commenter's name is announced.

Written Public Comment:

Members of the public may provide written public comment on a specific agenda item or on items not on the agenda (general public comment) by submitting comments via email to PublicComment@smud.org or by mailing or bringing physical copies to the meeting. Email is not monitored during the meeting. Comments will not be read into the record but will be provided to the Board and placed into the record of the meeting if received within two hours after the meeting ends.

INFORMATIONAL ITEMS

1. Ed Hamzawi
Rachel Bardis, CHIEF
OPERATING OFFICER,
SOMERS WEST
Provide the Board internal and external presentations on:
 - a. SMUD's new construction electrification programs and available incentives; and
 - b. **Braden (formerly Cordova Hills)**, including plans for electric residential construction, rooftop solar, widely deployed electric vehicle infrastructure, and access to alternative modes of transportation.Presentation: 15 minutes
Discussion: 15 minutes

DISCUSSION ITEMS

2. Casey Fallon
Discuss authorization of the Chief Executive Officer and General Manager to negotiate and award contracts to **Stella-Jones Corporation** and **Conrad Forest Products** for supply of wood utility poles during the five-year period from August 21, 2024, through August 21, 2029, for an aggregate contract not-to-exceed amount of \$18 million.
Presentation: 5 minutes
Discussion: 2 minutes
3. Casey Fallon
Discuss Contract Change No. 2 to Contract No. 4600001697 with **Clarke & Rush Mechanical, Inc.** and Contract No. 4600001698 with **Eagle Systems International, Inc. dba Synergy Companies** for Heating, Ventilation, and Air Conditioning (HVAC) Plus Building and Transportation Electrification Services to extend the contract expiration date from February 19, 2025, to December 31, 2025, and increase the aggregate contract not-to-exceed amount by \$15 million, from \$13.2 million to \$28.2 million.
Presentation: 7 minutes
Discussion: 5 minutes

INFORMATIONAL ITEMS cont.

4. Casey Fallon
Quarterly Procurement Report for Second Quarter 2024.
Presentation: 10 minutes
Discussion: 2 minutes

5. Lisa Limcaco Provide the Board with the financial results from the six-month period ended June 30, 2024, and a summary of SMUD's current Power Supply Costs.
Presentation: 5 minutes
Discussion: 1 minute
6. Claire Rogers Internal Audit Services Reports: Status of Recommendations Report for Q2 2024, Workforce Planning, and Greenergy® Partner Plus Annual Verification.
Discussion: 1 minute
7. Public Comment.
8. Rob Kerth Summary of Committee Direction.
Discussion: 1 minute

Members of the public shall have up to three (3) minutes to provide public comment on items on the agenda or items not on the agenda, but within the jurisdiction of SMUD. The total time allotted to any individual speaker shall not exceed nine (9) minutes.

Members of the public wishing to inspect public documents related to agenda items may click on the Information Packet link for this meeting on the smud.org website or may call 1-916-732-7143 to arrange for inspection of the documents at the SMUD Headquarters Building, 6201 S Street, Sacramento, California.

ADA Accessibility Procedures: Upon request, SMUD will generally provide appropriate aids and services leading to effective communication for qualified persons with disabilities so that they can participate equally in this meeting. If you need a reasonable auxiliary aid or service for effective communication to participate, please email Toni.Stelling@smud.org, or contact by phone at 1-916-732-7143, no later than 48 hours before this meeting.

SSS No. BOD 2024-015

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

| |
|--|
| Committee Meeting & Date Finance & Audit – 08/13/24 |
| Board Meeting Date N/A |
| |

| | |
|----------------------|--------------------------------------|
| TO | TO |
| 1. Ed Hamzawi | 6. Jose Bodipo-Memba |
| 2. Brandy Bolden | 7. |
| 3. Frankie McDermott | 8. |
| 4. Lora Anguay | 9. Legal |
| 5. Scott Martin | 10. CEO & General Manager |

| | | | | | | | | | |
|-------------------------|--|------------|-------------------------------------|--|-----------------|--|------------|-------------------------------------|---|
| Consent Calendar | | Yes | <input checked="" type="checkbox"/> | No <i>If no, schedule a dry run presentation.</i> | Budgeted | | Yes | <input checked="" type="checkbox"/> | No <i>(If no, explain in Cost/Budgeted section.)</i> |
|-------------------------|--|------------|-------------------------------------|--|-----------------|--|------------|-------------------------------------|---|

| | | | | |
|---------------------------------|----------------------------|-----------|------|-----------|
| FROM (IPR) Crystal Henderson | DEPARTMENT Board Office | MAIL STOP | EXT. | DATE SENT |
|---------------------------------|----------------------------|-----------|------|-----------|

NARRATIVE:

Requested Action: Provide the Board internal and external presentations on:

- a. SMUD’s new construction electrification programs and available incentives; and
- b. Braden (formerly Cordova Hills), including plans for electric residential construction, rooftop solar, widely deployed electric vehicle infrastructure, and access to alternative modes of transportation.

Summary: Staff will provide a brief overview of SMUD’s new construction electrification program and available incentives. Rachel Bardis, Chief Operating Officer for Somers West, will provide an informational presentation on Braden, a mixed-use, sustainable community, formerly known as Cordova Hills. Braden is a community that prioritizes smart strategies to reduce greenhouse gas emissions including building electrification, designing for walk- and bike-ability, widely deploying renewable energy, and leveraging the carbon sequestration potential of open and green spaces. Designed for people, not cars, Braden is an all-electric, 15-minute community with work, homes, schools, shopping, restaurants, and open spaces all within an easy walk, bike, or shuttle ride. This is a community designed with people-centered streets where community connection takes center stage.

Board Policy: SD-7 Environmental Leadership
(Number & Title)

Benefits: Inform the public about available incentives under SMUD’s new construction electrification programs. Provide the Board with an opportunity to learn more about a local major master plan community and its carbon reduction strategy.

Cost/Budgeted: There is no budgetary impact for this informational item.

Alternatives: Brief the Board through written report issued through the Chief Executive Officer and General Manager.

Affected Parties: Board of Directors

Coordination: Board Office, Legal, Advanced Energy Solutions

Presenter: Ed Hamzawi, Director, Advanced Energy Solutions
Rachel Bardis, Chief Operating Officer, Somers West

Additional Links:

| | |
|--|--------------------------------------|
| SUBJECT Informational Presentation on Braden Community | ITEM NO. <i>(FOR LEGAL USE ONLY)</i> |
|--|--------------------------------------|

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.



Rachel Bardis

**Chief Operating Officer
Somers West**

Rachel Bardis has held positions in the homebuilding and land development industry since 1999. Coupled with her family history of land development, Rachel has first-hand experience working with some of the most successful builders in the region. Rachel developed and managed RB Management & Sales, a real estate management firm that pursued non-income producing assets and successfully turned them profitable. Rachel also played an active role in Reynen & Bardis Development, LLC, a homebuilding and land development company that built more than 1000 homes annually in California and Nevada, and delivered several thousand lots per year to various public builders. She was also a full partner in Corinthian Homes, a company with operations in California and Idaho, building more than 600 homes in Sacramento and entitling more than 1,500 lots in Idaho. She is also a partner in Bardis Homes, a condo and multifamily builder based Sacramento, California.

Rachel is a longtime resident of Sacramento and completed her education at Saint Mary's College of California, with a double major in Business and Economics, with an honors concentration in Finance.

SSS No. SCS 24-212

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

| |
|--|
| Committee Meeting & Date Finance & Audit – 08/13/24 |
| Board Meeting Date August 15, 2024 |
| |

| | | | | | | | |
|--|-------------------|---|----------------------------------|---------------------|--------------|-------------------------|--|
| TO | | | | TO | | | |
| 1. | Jesse Mays | 6. | Lora Anguay | | | | |
| 2. | Robert Adams | 7. | Scott Martin | | | | |
| 3. | Joshua Williams | 8. | Legal | | | | |
| 4. | Casey Fallon | 9. | CEO & General Manager | | | | |
| 5. | Jose Bodipo-Memba | 10. | | | | | |
| Consent Calendar <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <i>If no, schedule a dry run presentation.</i> | | Budgeted <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <i>(If no, explain in Cost/Budgeted section.)</i> | | | | | |
| FROM (IPR) Jose Noriega | | DEPARTMENT Procurement Operations | | MAIL STOP EA 404 | EXT. 6687 | DATE SENT 07/18/2024 | |

NARRATIVE:

Requested Action: Authorize the Chief Executive Officer and General Manager to negotiate and award contracts to Stella-Jones Corporation and Conrad Forest Products for supply of wood utility poles during the five-year period from August 21, 2024, through August 21, 2029, for an aggregate contract not-to-exceed amount of \$18 million.

Summary: Request for Proposals No. Doc4512407737 (RFP) was issued on April 8, 2024, for new strategic alliance contracts for wood utility poles with one or more reputable suppliers. A pre-proposal meeting was held on April 17, 2024, which was attended by one proposer. On May 24, 2024, SMUD received three responsive proposals. SMUD negotiated with all proposers and achieved reduced pricing from all proposers. Although Bell Lumber & Pole Company reduced their pricing by \$1 million, it was not enough to warrant a third contract. The results of the evaluation are shown below.

Recommendation: Award to the highest evaluated responsive proposers.

Award to:
 Stella-Jones Corporation
 1640 Marc Ave
 Tacoma, WA 98421-2939
 &
 Conrad Forest Products
 68765 Wildwood Rd.
 North Bend, OR 97459

| | |
|-------------------------------------|----|
| Proposers Notified by Procurement: | 50 |
| Proposers Downloaded: | 10 |
| Pre-Proposal Conference Attendance: | 1 |
| Proposals Received: | 3 |

| Responsive Proposals Received | P/F | <u>10</u> Points SEED | <u>45</u> Points Technical | <u>45</u> Points Pricing | Total Score | Overall Rank | Proposal Amount | Proposed Award Amount |
|-------------------------------|-----|-----------------------------|----------------------------------|--------------------------------|-------------|--------------|-----------------|--|
| Stella-Jones Corporation | Yes | 1.50 | 43.75 | 42.81 | 88.06 | 1 | \$12,165,744.47 | Not to Exceed \$18,000,000 Aggregate of all Task Authorizations |
| Conrad Forest Products | Yes | 0 | 41.88 | 45.00 | 86.88 | 2 | \$11,572,400.00 | |
| Bell Lumber & Pole Co. | Yes | 0 | 41.13 | 35.83 | 76.95 | 3 | \$14,536,080.00 | |

Supplier Diversity Program: Stella-Jones Corporation is self-performing 97% of the work and subcontracting 3% to a Supplier Education & Economic Development (SEED) verified vendor (Maydwell & Hartzell).

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

Benefits: Awarding multiple contracts will mitigate SMUDs risks of operational disruptions associated with wood utility pole supply. Additionally, the competitive tension between the suppliers should drive high performance from both suppliers.

Cost/Budgeted: \$18,000,000 Budgeted for 2024 - 2029 by Warehouse, Legal, Government Affairs & Contracts

Alternatives: Negotiate contract extensions on current contracts. This would not be in SMUD's best interest as we received improved pricing and improved terms and conditions.

Affected Parties: Warehouse, Line Assets, Supply Chain Services, and Supplier.

Coordination: Warehouse, Supply Chain Services

Presenter: Casey Fallon, Director, Procurement, Warehouse & Fleet

Additional Links:

SUBJECT

Wood Poles Contract Awards

ITEM NO. (FOR LEGAL USE ONLY)

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

SSS No. SCS 24-171

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

| |
|---|
| Committee Meeting & Date Finance & Audit – 8/13/2024 |
| Board Meeting Date August 15, 2024 |
| |

| TO | | TO | |
|----|---------------|-----|----------------------------------|
| 1. | Casey Fallon | 6. | Jose Bodipo-Memba |
| 2. | Kim Rikalo | 7. | |
| 3. | Brandy Bolden | 8. | |
| 4. | Lora Anguay | 9. | Legal |
| 5. | Scott Martin | 10. | CEO & General Manager |

| | | | | | | | | | |
|-------------------------|---|------------|--|-----------------|---|------------|---|--------------|-----------------------|
| Consent Calendar | X | Yes | No <i>If no, schedule a dry run presentation.</i> | Budgeted | X | Yes | No <i>(If no, explain in Cost/Budgeted section.)</i> | | |
| FROM (IPR) Amy Ayers | | | DEPARTMENT Procurement | | | | MAIL STOP EA404 | EXT. 5860 | DATE SENT 7/1/2024 |

NARRATIVE:

Requested Action: Approve Contract Change No. 2 to Contract Nos. 4600001697 with CLARKE & RUSH MECHANICAL, INC. and 4600001698 with EAGLE SYSTEMS INTERNATIONAL, INC. dba SYNERGY COMPANIES for Heating, Ventilation and Air Conditioning (HVAC) Plus Building and Transportation Electrification Services to extend the contract expiration date from February 19, 2025, to December 31, 2025, and increase the aggregate contract not-to-exceed amount by \$15 million, from \$13.2 million to \$28.2 million.

Summary: This contract was awarded on a competitive basis to Clarke & Rush Mechanical, Inc., and Synergy Companies in February 2023 (Resolution 23-02-06). The original contract was awarded for the period from February 20, 2023, to February 19, 2025, for an aggregate contract not-to-exceed amount of \$12 million. These contracts are provisioned for Clarke & Rush and Synergy Companies to furnish all supervision, labor, materials, equipment, and incidentals necessary to perform heating, ventilation, and air conditioning (HVAC) plus building and transportation electrification services on a task order basis.

Contract Change No. 1 was executed in May 2023, and modified the rate schedule by removing items that were obsolete and increase certain rate schedule items. The rate increases were due to the change in the Department of Energy (DOE) Standard Ratings for Western States. The pricing submitted for the Request for Proposal (RFP) pricing matrix was provided based on 2022 DOE Standards which was difficult for the Contractors to estimate with any degree of certainty as equipment and associated ancillaries had risen year over year at 10%-30% since COVID-19 and supply line issues disrupted the availability, sourcing and ultimately, pricing.

In May 2024, Management requested approval of the addition of 10% or \$1.2 million GM Contingency funds due to rising costs of electrification and an increase in electrification measures issued in 2023. Funds budgeted for the contract term were depleted faster than anticipated. Customer Assistance uses these contracts to complete electrification work for special assistance customers, including neighborhood electrification used for the Gardenland and Meadowview communities. The contingency funds allowed project continuity to remain on schedule, but funds are rapidly depleting. The Customer Assistance team require additional funds for both contracts to continue to support Neighborhood Electrification efforts in low-income areas. The contract's remaining balance is lower than initially planned for several reasons. The team positively impacted 119 more special assistance customers with electrification than planned in 2023. This resulted in more building electrification projects channeled through this contract. Additionally, cost of materials increased, so projects costed more than initially planned for. However, for 2024, spend is on target. The contingency funds will cover most of the work until the end of Q3 2024. CED is estimating approximately \$15 million worth of work between Q4 2024 and Q2 2025. SMUD staff plans to start developing an RFP to ensure replacement contracts are in place as soon as possible.

The current rates have been reviewed and are in line with the industry fluctuations and determined to be fair and reasonable. Staff included market research which is attached.

Currently, the contract balance is approximately \$1,521,110.

| Contract Actions | Amount | Cumulative Total | Description |
|--|--------------|------------------|---|
| Original Contract 4600001697 4600001698 | \$12,000,000 | \$12,000,000 | Aggregate not-to-exceed amount of all task authorizations |
| Contract Change No 1 4600001697 4600001698 | \$0 | \$0 | Rate increases |
| Addition of 10% Contingency Funds | \$1,200,000 | \$13,200,000 | Addition of 10% GM Contingency Funds |
| Pending Contract Change No 2 | \$15,000,000 | \$28,200,000 | Add funds and time extension |

Comments: SMUD needs to increase the spent limit on these contracts for several reasons. Contractors saw a cost increase of approximately 30% in March 2023, so the contract was amended (CC#1) to reflect these new costs. The number of measures needed in homes increased by 80% in 2023. This was due to several factors including offering induction stoves and targeting neighborhoods and customers with higher needs. SMUD exceeded their overall Energy Savers Bundles goal by 11% in 2023. This was in part due to targeting additional customers through neighborhood walks and receiving additional funds from the Technology and Equipment for Clean Heating (TECH) grant.

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

Benefits: Provides HVAC building and transportation electrification services to low-income customers.

Cost/Budgeted: \$28,200,000; Budgeted for 2024 - 2025 by Customer Experience Delivery.

Alternatives: Postpone current projects and/or transition projects over into other existing contracts to maintain project continuity if possible until new contracts have been solicited and awarded, although not moving forward with this requested change will create a major impact to SMUD's most vulnerable and marginalized communities.

Affected Parties: Customer Experience Delivery, Supply Chain Services and Contractor.

Coordination: Customer Experience Delivery and Supply Chain Services.

Presenter: Casey Fallon, Director, Procurement, Warehouse & Fleet

Additional Links:

SUBJECT

**Contract Change No. 2 - HVAC Plus Building and
Transportation Electrification Services**

ITEM NO. (FOR LEGAL USE ONLY)

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

SSS No. SCS 24-207

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

| |
|---|
| Committee Meeting & Date Finance & Audit – 8/13/2024 |
| Board Meeting Date N/A |
| |

| | | | | | | | |
|---------------------------|-------------------|--------------------------------------|--|----|--------------------|--------------|---|
| TO | | | | TO | | | |
| 1. | Casey Fallon | 6. | | | | | |
| 2. | Jose Bodipo-Memba | 7. | | | | | |
| 3. | Lora Anguay | 8. | | | | | |
| 4. | Scott Martin | 9. | Legal | | | | |
| 5. | | 10. | CEO & General Manager | | | | |
| Consent Calendar | | Yes | No <i>If no, schedule a dry run presentation.</i> | | Budgeted | Yes | No <i>(If no, explain in Cost/Budgeted section.)</i> |
| FROM (IPR) Jaimee Lutz | | DEPARTMENT Procurement Operations | | | MAIL STOP EA404 | EXT. 6407 | DATE SENT 7/19/24 |

NARRATIVE:

Requested Action: Quarterly Procurement Report for Second Quarter 2024.

Summary: In August 2003, the Board of Directors approved the SMUD Procurement Policy which included a commitment for staff to report on the SMUD Procurement Activities on a quarterly basis.

Board Policy: This report is provided to demonstrate compliance with SMUD Policy BL-8 and the following Policy Elements:
(Number & Title)

| | |
|---|--|
| <ul style="list-style-type: none"> a) Competition b) Direct Procurement c) Sole Source Procurement d) Inclusiveness (participation) e) Economic Development f) Environmental Procurement g) Responsible Bidder | <ul style="list-style-type: none"> h) Contractor Code of Conduct i) Best Value Procurement j) Leveraged Procurement Agreement (LPA) k) Strategic Alliances l) Supply Chain Risk m) Protest Policy n) Delegation of Authority to the CEO |
|---|--|

Benefits: Ensures compliance with public contracting and best value procurement principles.

Cost/Budgeted: N/A

Alternatives: Provide quarterly procurement report to Board members via written memo from the Chief Executive Officer & General Manager.

Affected Parties: SMUD

Coordination: Procurement Operations

Presenter: Casey Fallon

Additional Links:

| | |
|---|-------------------------------|
| SUBJECT 2024 Second Quarter Procurement Report | ITEM NO. (FOR LEGAL USE ONLY) |
|---|-------------------------------|

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

SSS No. CFO 23-016

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

| |
|---|
| Committee Meeting & Date Finance & Audit, 2024 |
| Board Meeting Date N/A |
| |

| | | | | | | | | |
|----------------------------|-------------------|------------|--|--------------------------|----------------------------------|-------------------|---|-----------------------|
| TO | | | | TO | | | | |
| 1. | Jose Bodipo-Memba | | | 6. | | | | |
| 2. | Lora Anguay | | | 7. | | | | |
| 3. | Scott Martin | | | 8. | | | | |
| 4. | | | | 9. | Legal | | | |
| 5. | | | | 10. | CEO & General Manager | | | |
| Consent Calendar | | Yes | No <i>If no, schedule a dry run presentation.</i> | | Budgeted | Yes | No <i>(If no, explain in Cost/Budgeted section.)</i> | |
| FROM (IPR) Lisa Limcaco | | | | DEPARTMENT Accounting | | MAIL STOP B352 | EXT. 7045 | DATE SENT 12/18/23 |

NARRATIVE:

Requested Action: Provide the Board with SMUD’s financial results for the year-to-date period and a summary of SMUD’s current Power Supply Costs.

Summary: Staff will present SMUD’s financial results for the year-to-date period and a summary of SMUD’s current Power Supply Costs to the Board of Directors.

Board Policy: GP-3, Board Job Description
(Number & Title)

Benefits: Provide Board members with information regarding SMUD’s financial position and SMUD’s current power supply costs.

Cost/Budgeted: N/A

Alternatives: Provide information via written memo/report to the Board.

Affected Parties: Accounting

Coordination: Accounting

Presenter: Lisa Limcaco

Additional Links:

| | |
|--|--------------------------------------|
| SUBJECT SMUD’s Financial Results & Power Supply Costs | ITEM NO. <i>(FOR LEGAL USE ONLY)</i> |
|--|--------------------------------------|

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

**SACRAMENTO MUNICIPAL UTILITY DISTRICT
OFFICE MEMORANDUM**

TO: Distribution

DATE: July 31, 2024
ACC 24-015

FROM: Kathy Ketchum / Lisa Limcaco

SUBJECT: **JUNE 2024 FINANCIAL RESULTS AND OPERATIONS DATA**

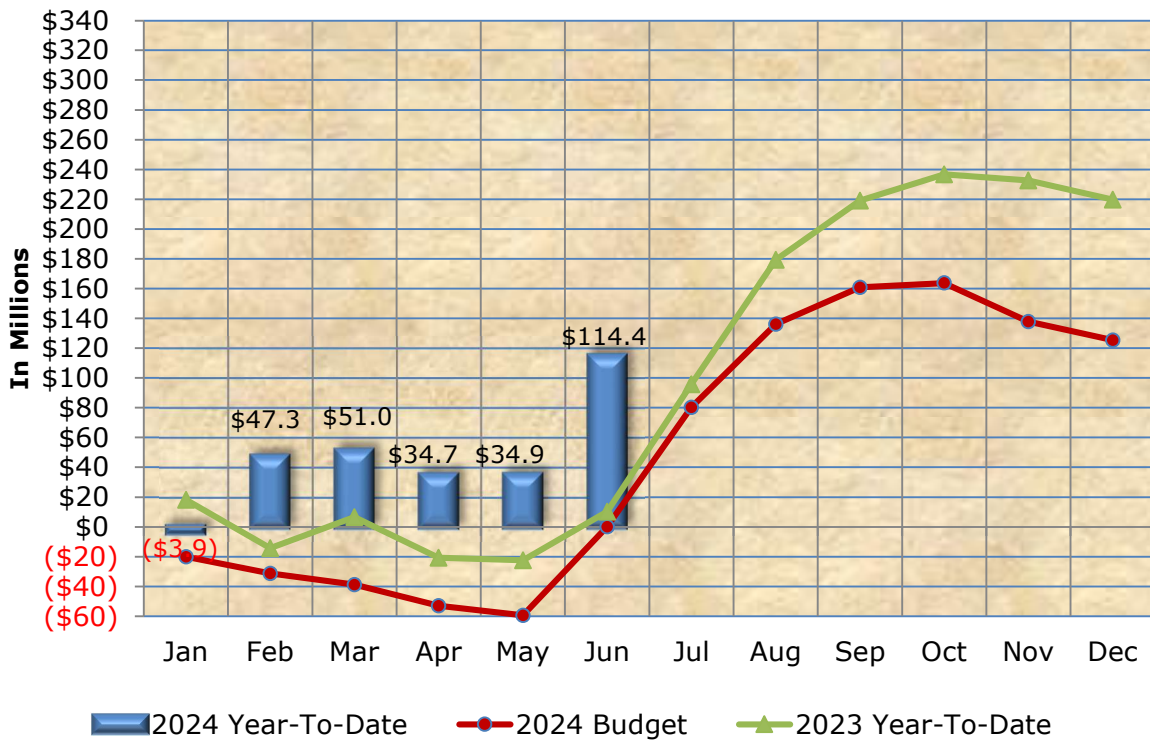
We are attaching the financial and operating reports for the six months of 2024. They include sales and generation statistics and other selected data.

The change in net position is an increase of \$114.4 million compared to a budgeted increase of \$0.2 million, resulting in a favorable variance of \$114.2 million.

We prepared these statements on the accrual basis of accounting, and they conform to generally accepted accounting principles. The bases for the budget amounts are:

- 1) Budgeted electric revenues are based on the Forecast of Revenues by the Pricing Department, adjusted for unbilled revenues; and
- 2) Budgeted operating expenses reflect the 2024 Budget approved by the Board of Directors on December 14, 2023.

Change in Net Position Year To Date



SACRAMENTO MUNICIPAL UTILITY DISTRICT
EXECUTIVE SUMMARY
For the Six Months Ended June 30, 2024

Net Position

- The change in net position is an increase of \$114.4 million compared to a budgeted increase of \$0.2 million, resulting in a favorable variance of \$114.2 million.

Revenues

- Revenues from sales to customers were \$772.9 million, which was \$17.5 million higher than planned. The increase is primarily due to:
 - Higher residential sales of \$15.5 million primarily due to higher customer usage.
 - Higher commercial sales of \$0.3 million primarily due to higher customer usage.
 - No actual provision for uncollectible accounts compared to a budget of \$1.5 million. The current balance of the accumulated provision is sufficient to cover write-offs of arrears.
- Revenues under the California Global Warming Solutions Act (Assembly Bill [AB] – 32) were \$19.7 million. This is due to carbon allowances sold through the state sanctioned quarterly auctions.
- Low Carbon Fuel Standard (LCFS) revenues were \$3.4 million due to LCFS credit sales.
- Other electric revenues were \$4.7 million higher due to higher unplanned interconnection fees, transmission revenue, and Sacramento Power Academy revenue.
- Non-cash revenues transferred to the rate stabilization fund were \$35.0 million, of which \$22.3 million was for AB-32, \$9.3 million was for the annual WAPA Hydro Generation Adjustment and \$3.4 million was for LCFS. Funds are deferred until SMUD has qualified program expenses (projects that reduce carbon emissions or electric vehicle programs) to recognize revenue.
- Non-cash revenues transferred from the rate stabilization fund were \$35.4 million, of which \$21.0 million was for revenue recognized for AB-32, \$8.3 million was for revenue recognized for the annual Hydro Generation Adjustment, and \$6.6 million was for LCFS and Community Impact Plan.

Commodities, Purchased Power, and Production

- SMUD's generation was lower by 347 GWh (9.0 percent); JPA and other generation was lower by 333 GWh (11.5 percent); and Hydro generation was lower by 14 GWh (1.4 percent).
- Purchased power expense of \$163.6 million, less surplus power sales of \$58.7 million was \$104.9 million, which was \$11.3 million higher than planned. This increase is due to lower thermal generation that led to increased market purchases at favorable market prices.
- Production operations cost of \$169.9 million, less surplus gas sales of \$43.4 million, was \$126.5 million, which was \$31.5 million lower than planned.
 - Fuel costs of \$105.6 million less surplus gas sales of \$43.4 million, was \$62.2 million, which was \$22.6 million lower than planned. Fuel costs were lower due to decrease in thermal generation from an unplanned major overhaul of a section of the combustion turbine at the Procter & Gamble plant and it was more economical to replace the thermal generation with market purchases.
- The "power margin", or sales to customers less cost of purchased power, production operations costs and gas hedges included in investment revenue was \$540.0 million, which was \$36.2 million higher than planned. The power margin as a percentage of sales to customers was 69.9 percent, which was 3.2 percent higher than planned. This is primarily due to lower production costs due to lower fuel costs and higher customer sales.

Other Operating Expenses

- All other operating expenses were \$518.3 million, which was \$3.0 million lower than planned.
 - Transmission and distribution operations expenses were down \$7.5 million primarily due to lower cost of transmission fees than planned.
 - Customer service and information expenses were down \$6.1 million due to lower participation in My Energy Optimizer Partner and Peak Conserve programs and lower participation in the Commercial and Residential Greenergy programs.
 - Administrative & General expenses were up \$4.4 million primarily due to bond issuance costs, costs related to the February storm and uncollectible non-electric billings.
 - Public Good expenses were \$2.5 million higher than planned primarily due to increased HVAC and rebate volume in the Advanced Homes Solutions program. Also, higher than planned project

completions in Multi-Family Exist program and earlier start in low income building electrification program initiatives.

- Non-cash depreciation and amortization is higher by \$3.6 million primarily due to the unplanned amortization of software subscription assets.

Non-operating Revenues and Expenses

- Other revenue, net, was \$67.8 million higher than planned primarily due to a business interruption insurance recovery payment of \$51.4 million related to the Cosumnes Power Plant, a settlement payment of \$5.8 million related to the Rancho Seco annual spent fuel settlement, a settlement payment of \$7.5 million related to Substation A fire claim, and higher interest income.

SACRAMENTO MUNICIPAL UTILITY DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Month Ended June 30, 2024
(thousands of dollars)

| | Actual | Budget | Over (Under) | Percent of Increase (Decrease) |
|--|------------------|------------------|------------------|--------------------------------------|
| OPERATING REVENUES | | | | |
| Sales to customers | \$ 202,701 | \$ 187,672 | \$ 15,029 | 8.0 % |
| Sales of surplus power | 9,388 | 19,080 | (9,692) | (50.8) |
| Sales of surplus gas | 6,153 | - | 6,153 | * |
| SB-1 revenue (deferral)/recognition, net | 28 | - | 28 | * |
| AB32 revenue | - | - | - | * |
| Other electric revenue | 3,839 | 2,728 | 1,111 | 40.7 |
| Revenue to rate stabilization fund | (2,566) | (242) | (2,324) | (960.3) |
| Revenue from rate stabilization fund | (617) | 13,602 | (14,219) | (104.5) |
| Total operating revenues | 218,926 | 222,840 | (3,914) | (1.8) |
| OPERATING EXPENSES | | | | |
| Operations | | | | |
| Purchased power | 37,005 | 39,427 | (2,422) | (6.1) |
| Production | 25,105 | 26,669 | (1,564) | (5.9) |
| Transmission and distribution | 7,342 | 7,628 | (286) | (3.7) |
| Customer accounts | 5,009 | 5,103 | (94) | (1.8) |
| Customer service and information | 6,513 | 8,743 | (2,230) | (25.5) |
| Administrative and general | 18,304 | 21,064 | (2,760) | (13.1) |
| Public good | 5,455 | 5,837 | (382) | (6.5) |
| Total operations | 104,733 | 114,471 | (9,738) | (8.5) |
| Maintenance | | | | |
| Production | 5,605 | 7,118 | (1,513) | (21.3) |
| Transmission and distribution | 9,649 | 11,744 | (2,095) | (17.8) |
| Total maintenance | 15,254 | 18,862 | (3,608) | (19.1) |
| Depreciation and amortization | | | | |
| Depreciation and amortization | 22,057 | 22,640 | (583) | (2.6) |
| Amortization of regulatory asset | 3,384 | 3,403 | (19) | (0.6) |
| Total depreciation and amortization | 25,441 | 26,043 | (602) | (2.3) |
| Total operating expenses | 145,428 | 159,376 | (13,948) | (8.8) |
| OPERATING INCOME | 73,498 | 63,464 | 10,034 | 15.8 |
| NON-OPERATING REVENUES AND EXPENSES | | | | |
| Other revenues/(expenses) | | | | |
| Interest income | 3,767 | 2,328 | 1,439 | 61.8 |
| Investment revenue (expense) | (376) | 20 | (396) | * |
| Other income (expense) - net | 8,787 | 837 | 7,950 | 949.8 |
| Unrealized holding gains (losses) | 646 | - | 646 | * |
| Revenue - CIAC | 1,662 | 1,722 | (60) | (3.5) |
| Total other revenues | 14,486 | 4,907 | 9,579 | 195.2 |
| Interest charges | | | | |
| Interest on long-term debt | 8,516 | 7,739 | 777 | 10.0 |
| Interest on commercial paper | - | 1,089 | (1,089) | (100.0) |
| Total interest charges | 8,516 | 8,828 | (312) | (3.5) |
| CHANGE IN NET POSITION | \$ 79,468 | \$ 59,543 | \$ 19,925 | 33.5 % |

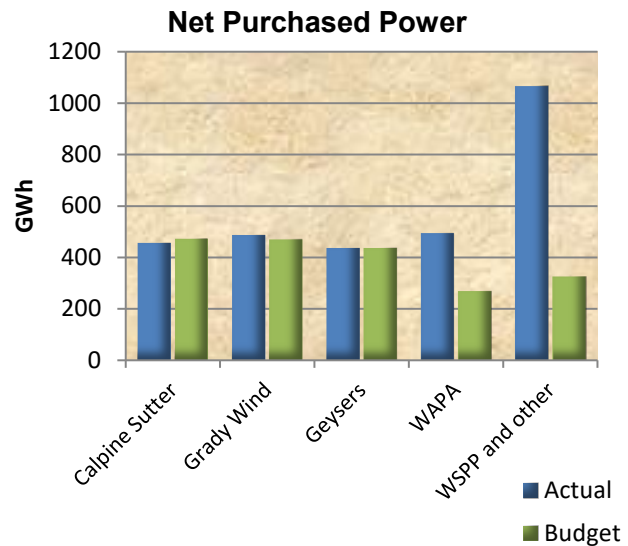
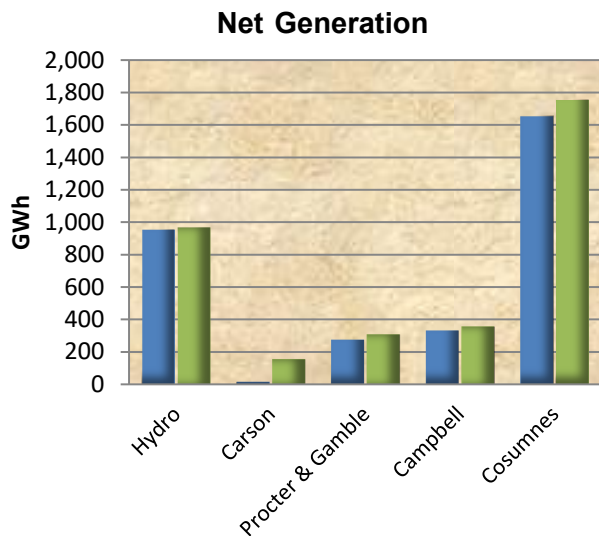
SACRAMENTO MUNICIPAL UTILITY DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Six Months Ended June 30, 2024
(thousands of dollars)

| | <u>Actual</u> | <u>Budget</u> | <u>Over (Under)</u> | <u>Percent of Increase (Decrease)</u> |
|--|-------------------|----------------|-------------------------|---|
| OPERATING REVENUES | | | | |
| Sales to customers | \$ 772,929 | \$ 755,479 | \$ 17,450 | 2.3 % |
| Sales of surplus power | 58,659 | 88,021 | (29,362) | (33.4) |
| Sales of surplus gas | 43,450 | - | 43,450 | * |
| SB-1 revenue (deferral)/recognition, net | 308 | - | 308 | * |
| AB32 revenue | 19,695 | - | 19,695 | * |
| LCFS revenue | 3,423 | - | 3,423 | * |
| Other electric revenue | 21,998 | 17,309 | 4,689 | 27.1 |
| Revenue to rate stabilization fund | (35,003) | (1,452) | (33,551) | * |
| Revenue from rate stabilization fund | 35,380 | 23,478 | 11,902 | 50.7 |
| Total operating revenues | 920,839 | 882,835 | 38,004 | 4.3 |
| OPERATING EXPENSES | | | | |
| Operations | | | | |
| Purchased power | 163,602 | 181,707 | (18,105) | (10.0) |
| Production | 169,945 | 157,976 | 11,969 | 7.6 |
| Transmission and distribution | 42,785 | 50,303 | (7,518) | (14.9) |
| Customer accounts | 28,646 | 28,541 | 105 | 0.4 |
| Customer service and information | 38,280 | 44,383 | (6,103) | (13.8) |
| Administrative and general | 124,348 | 119,924 | 4,424 | 3.7 |
| Public good | 33,575 | 31,028 | 2,547 | 8.2 |
| Total operations | 601,181 | 613,862 | (12,681) | (2.1) |
| Maintenance | | | | |
| Production | 28,980 | 29,185 | (205) | (0.7) |
| Transmission and distribution | 64,165 | 64,053 | 112 | 0.2 |
| Total maintenance | 93,145 | 93,238 | (93) | (0.1) |
| Depreciation and amortization | | | | |
| Depreciation and amortization | 136,178 | 133,485 | 2,693 | 2.0 |
| Amortization of regulatory asset | 21,360 | 20,419 | 941 | 4.6 |
| Total depreciation and amortization | 157,538 | 153,904 | 3,634 | 2.4 |
| Total operating expenses | 851,864 | 861,004 | (9,140) | (1.1) |
| OPERATING INCOME | 68,975 | 21,831 | 47,144 | 215.9 |
| NON-OPERATING REVENUES AND EXPENSES | | | | |
| Other revenues/(expenses) | | | | |
| Interest income | 23,025 | 13,859 | 9,166 | 66.1 |
| Investment revenue | (1,454) | 121 | (1,575) | * |
| Other income (expense) - net | 66,888 | 4,708 | 62,180 | * |
| Unrealized holding gains (losses) | (1,497) | - | (1,497) | * |
| Revenue - CIAC | 9,891 | 10,322 | (431) | (4.2) |
| Total other revenues | 96,853 | 29,010 | 67,843 | 233.9 |
| Interest charges | | | | |
| Interest on long-term debt | 48,992 | 46,423 | 2,569 | 5.5 |
| Interest on commercial paper | 2,433 | 4,202 | (1,769) | (42.1) |
| Total interest charges | 51,425 | 50,625 | 800 | 1.6 |
| CHANGE IN NET POSITION | \$ 114,403 | \$ 216 | \$ 114,187 | * % |

**SACRAMENTO MUNICIPAL UTILITY DISTRICT
SOURCES AND USES OF ENERGY - COMPARED TO BUDGET
For the Period Ended June 30, 2024**

| Sources of Energy (GWh) | Month | | Increase (Decrease) | Year to Date | | Increase (Decrease) |
|--|--------------|--------------|------------------------|--------------|--------------|------------------------|
| | Actual | Budget | Percentage | Actual | Budget | Percentage |
| Net Generated | | | | | | |
| Hydro | 109 | 155 | (29.7) | 954 | 968 | (1.4) |
| Carson Power Plant | 14 | 33 | (57.6) | 15 | 157 | (90.4) |
| Procter & Gamble Power Plant | 48 | 61 | (21.3) | 275 | 309 | (11.0) |
| Campbell Power Plant | 44 | 66 | (33.3) | 332 | 358 | (7.3) |
| Cosumnes Power Plant | 327 | 357 | (8.4) | 1,653 | 1,754 | (5.8) |
| Other | 97 | 110 | (11.8) | 278 | 308 | (9.7) |
| Total net generation | 639 | 782 | (18.3) | 3,507 | 3,854 | (9.0) |
| Purchased Power less transmission losses: | | | | | | |
| CalEnergy | 15 | 18 | (16.7) | 99 | 111 | (10.8) |
| Calpine Sutter | 94 | 119 | (21.0) | 457 | 472 | (3.2) |
| Drew Solar | 35 | 32 | 9.4 | 160 | 157 | 1.9 |
| Feed in Tariff | 25 | 25 | 0.0 | 101 | 110 | (8.2) |
| Geysers | 72 | 72 | 0.0 | 437 | 437 | 0.0 |
| Grady Wind | 81 | 75 | 8.0 | 487 | 470 | 3.6 |
| Rancho Seco PV II | 34 | 38 | (10.5) | 145 | 169 | (14.2) |
| WAPA | 101 | 79 | 27.8 | 495 | 269 | 84.0 |
| WSPP and other | 300 | 99 | 203.0 | 1,066 | 326 | 227.0 |
| Other long term power | 55 | 62 | (11.3) | 246 | 299 | (17.7) |
| Total net purchases | 812 | 619 | 31.2 | 3,693 | 2,820 | 31.0 |
| Total sources of energy | 1,451 | 1,401 | 3.6 | 7,200 | 6,674 | 7.9 |
| Uses of energy: | | | | | | |
| SMUD electric sales and usage | 1,052 | 967 | 8.8 | 4,922 | 4,776 | 3.1 |
| Surplus power sales | 403 | 385 | 4.7 | 2,145 | 1,645 | 30.4 |
| System losses | (4) | 49 | (108.2) | 133 | 253 | (47.4) |
| Total uses of energy | 1,451 | 1,401 | 3.6 % | 7,200 | 6,674 | 7.9 % |

* Change equals 1000% or more.



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

- Hydro generation is lower than planned (1.4 percent).
- JPA generation is lower than planned (11.8 percent).

Purchased power, less surplus power sales, is higher than plan (31.7 percent).

SACRAMENTO MUNICIPAL UTILITY DISTRICT
STATEMENTS OF NET POSITION
June 30, 2024 and 2023
(thousands of dollars)

| | Total | | | | | | |
|--|---------------------|-------------------|-------------------|-------------------|------------------------------|---------------------|---------------------|
| | SMUD | SFA | NCEA | NCGA #1 | Intercompany Eliminations | 2024 | 2023 |
| ELECTRIC UTILITY PLANT | | | | | | | |
| Plant in service, original cost | \$ 6,409,762 | \$ 983,716 | \$ - | \$ - | \$ (4,578) | \$ 7,388,900 | \$ 7,165,271 |
| Less accumulated depreciation | 3,035,578 | 708,325 | - | - | (942) | 3,742,961 | 3,627,279 |
| Plant in service - net | 3,374,184 | 275,391 | - | - | (3,636) | 3,645,939 | 3,537,992 |
| Construction work in progress | 715,436 | 7,649 | - | - | - | 723,085 | 477,894 |
| Investment in Joint Power Agencies | 321,654 | - | - | - | (283,235) | 38,419 | 32,644 |
| Total electric utility plant - net | 4,411,274 | 283,040 | - | - | (286,871) | 4,407,443 | 4,048,530 |
| RESTRICTED ASSETS | | | | | | | |
| Revenue bond reserves | 1,027 | - | - | - | - | 1,027 | 2,004 |
| Restricted for payment of debt service | 108,735 | - | - | - | - | 108,735 | 136,580 |
| JPA funds | - | 17,068 | 14,431 | 28,580 | - | 60,079 | 50,649 |
| Nuclear decommissioning trust fund | 9,665 | - | - | - | - | 9,665 | 9,181 |
| Rate stabilization fund | 211,753 | - | - | - | - | 211,753 | 201,172 |
| Other funds | 39,116 | - | 3,000 | 173 | - | 42,289 | 28,803 |
| Due (to) from unrestricted funds (decommissioning) | (6,684) | - | - | - | - | (6,684) | (6,684) |
| Due (to) from restricted funds (decommissioning) | 6,684 | - | - | - | - | 6,684 | 6,684 |
| Less current portion | (129,691) | (17,060) | (17,431) | (28,753) | - | (192,935) | (201,909) |
| Total restricted assets | 240,605 | 8 | - | - | - | 240,613 | 226,480 |
| CURRENT ASSETS | | | | | | | |
| Cash, cash equivalents and investments | | | | | | | |
| Unrestricted | 508,258 | 38,004 | - | - | - | 546,262 | 463,642 |
| Restricted | 129,691 | 17,060 | 17,431 | 28,753 | - | 192,935 | 201,909 |
| Accounts receivable - net | 313,552 | 36,558 | 2,264 | 2,737 | (55,310) | 299,801 | 247,818 |
| Lease receivable | 892 | - | - | - | (217) | 675 | 534 |
| Energy efficiency loans due within one year | 139 | - | - | - | - | 139 | 139 |
| Interest receivable | 8,618 | 399 | - | 23 | - | 9,040 | 7,134 |
| Lease interest receivable | 92 | - | - | - | (24) | 68 | 26 |
| Regulatory costs to be recovered within one year | 74,720 | 104 | - | 105 | - | 74,929 | 61,235 |
| Derivative financial instruments maturing within in one year | 26,448 | - | - | - | - | 26,448 | 24,581 |
| Inventories | 152,727 | 16,240 | - | - | - | 168,967 | 129,108 |
| Prepaid gas to be delivered within one year | - | - | 9,845 | 30,100 | - | 39,945 | 31,456 |
| Prepayments and other | 31,157 | 5,513 | 34 | 16 | - | 36,720 | 54,114 |
| Total current assets | 1,246,294 | 113,878 | 29,574 | 61,734 | (55,551) | 1,395,929 | 1,221,696 |
| NONCURRENT ASSETS | | | | | | | |
| Regulatory costs for future recovery | | | | | | | |
| Decommissioning | 98,022 | - | - | - | - | 98,022 | 73,476 |
| Pension | 530,214 | - | - | - | - | 530,214 | 464,902 |
| OPEB | 301,766 | - | - | - | - | 301,766 | 295,573 |
| Bond Issues | - | 522 | - | 210 | - | 732 | 941 |
| Derivative financial instruments | 93 | - | - | - | - | 93 | 1,115 |
| Derivative financial instruments | 35,962 | - | - | - | - | 35,962 | 51,612 |
| Prepaid gas | - | - | 693,623 | 68,499 | - | 762,122 | 621,398 |
| Prepaid power and capacity | - | - | - | - | - | - | 69 |
| Lease receivable | 20,638 | - | - | - | (3,525) | 17,113 | 17,684 |
| Energy efficiency loans - net | 247 | - | - | - | - | 247 | 544 |
| Other | 105,077 | 12 | (16) | 31 | - | 105,104 | 80,631 |
| Total noncurrent assets | 1,092,019 | 534 | 693,607 | 68,740 | (3,525) | 1,851,375 | 1,607,945 |
| TOTAL ASSETS | \$ 6,990,192 | \$ 397,460 | \$ 723,181 | \$ 130,474 | \$ (345,947) | \$ 7,895,360 | \$ 7,104,651 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | | |
| Accumulated decrease in fair value of hedging derivatives | 49,362 | - | - | - | - | 49,362 | 53,147 |
| Deferred pension outflows | 140,837 | - | - | - | - | 140,837 | 136,536 |
| Deferred OPEB outflows | 56,729 | - | - | - | - | 56,729 | 43,356 |
| Deferred ARO outflows | - | 1,341 | - | - | - | 1,341 | 1,722 |
| Unamortized bond losses - other | 30,982 | 771 | 5,005 | - | - | 36,758 | 7,288 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 277,910 | 2,112 | 5,005 | - | - | 285,027 | 242,049 |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | \$ 7,268,102 | \$ 399,572 | \$ 728,186 | \$ 130,474 | \$ (345,947) | \$ 8,180,387 | \$ 7,346,700 |

SACRAMENTO MUNICIPAL UTILITY DISTRICT
STATEMENTS OF NET POSITION
June 30, 2024 and 2023
(thousands of dollars)

LIABILITIES AND NET ASSETS

| | <u>Total</u> | | | | | | |
|--|---------------------|-------------------|-------------------|-------------------|------------------------------|---------------------|---------------------|
| | SMUD | SFA | NCEA | NCGA #1 | Intercompany Eliminations | 2024 | 2023 |
| LONG-TERM DEBT - NET | \$ 2,507,243 | \$ 79,676 | \$ 731,327 | \$ 94,540 | \$ - | \$ 3,412,786 | 3,077,511 |
| CURRENT LIABILITIES | | | | | | | |
| Commercial paper notes | - | - | - | - | - | - | - |
| Accounts payable | 110,387 | 5,790 | - | - | - | 116,177 | 111,565 |
| Purchased power payable | 73,322 | 17,268 | - | 1,391 | (55,312) | 36,669 | 42,028 |
| Credit support collateral obligation | 9,918 | - | - | - | - | 9,918 | 7,423 |
| Long-term debt due within one year | 84,590 | 13,115 | - | 25,530 | - | 123,235 | 138,195 |
| Accrued decommissioning | 7,140 | - | - | - | - | 7,140 | 7,549 |
| Interest payable | 36,072 | 2,197 | 8,238 | 1,329 | - | 47,836 | 43,452 |
| Accrued interest liability | 208 | 34 | - | - | (24) | 218 | 103 |
| Accrued salaries and compensated absences | 55,215 | - | - | - | - | 55,215 | 51,865 |
| Derivative financial instruments maturing within one year | 31,253 | - | - | - | - | 31,253 | 36,018 |
| Customer deposits | 2,116 | - | - | - | - | 2,116 | 1,848 |
| Lease and subscription software liability | 33,306 | 297 | - | - | (217) | 33,386 | 20,811 |
| Other | 50,095 | - | - | - | - | 50,095 | 49,893 |
| Total current liabilities | 493,622 | 38,701 | 8,238 | 28,250 | (55,553) | 513,258 | 510,750 |
| NONCURRENT LIABILITIES | | | | | | | |
| Accrued decommissioning - net | 101,003 | 10,166 | - | - | - | 111,169 | 85,729 |
| Derivative financial instruments | 18,328 | - | - | - | - | 18,328 | 20,207 |
| Net pension liability | 225,210 | - | - | - | - | 225,210 | 191,014 |
| Net OPEB liability | 49,478 | - | - | - | - | 49,478 | 31,190 |
| Lease liability | 56,279 | 4,873 | - | - | (3,525) | 57,627 | 24,714 |
| Other | 86,979 | - | 247 | - | - | 87,226 | 83,612 |
| Total noncurrent liabilities | 537,277 | 15,039 | 247 | - | (3,525) | 549,038 | 436,466 |
| TOTAL LIABILITIES | 3,538,142 | 133,416 | 739,812 | 122,790 | (59,078) | 4,475,082 | 4,024,727 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | |
| Accumulated increase in fair value of hedging derivatives | 62,206 | - | - | - | - | 62,206 | 74,920 |
| Deferred pension inflows | 8,416 | - | - | - | - | 8,416 | 17,536 |
| Deferred OPEB inflows | 30,616 | - | - | - | - | 30,616 | 33,732 |
| Deferred lease inflows | 20,645 | - | - | - | (3,635) | 17,010 | 17,775 |
| Regulatory credits | 845,874 | - | - | - | - | 845,874 | 751,922 |
| Unamortized bond gains - other | 36,238 | - | - | - | - | 36,238 | 40,672 |
| Unearned revenue | 3,811 | 32 | - | - | - | 3,843 | 8,217 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 1,007,806 | 32 | - | - | (3,635) | 1,004,203 | 944,774 |
| NET POSITION | | | | | | | |
| Balance at beginning of year | 2,596,003 | 265,739 | 52 | 7,827 | (282,922) | 2,586,699 | 2,366,976 |
| Net increase (decrease) for the year | 126,151 | 385 | (11,941) | (192) | - | 114,403 | 10,223 |
| TOTAL NET POSITION | 2,722,154 | 266,124 | (11,626) | 7,684 | (283,234) | 2,701,102 | 2,377,199 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION | \$ 7,268,102 | \$ 399,572 | \$ 728,186 | \$ 130,474 | \$ (345,947) | \$ 8,180,387 | \$ 7,346,700 |

SACRAMENTO MUNICIPAL UTILITY DISTRICT
STATEMENTS OF CASH FLOWS
For the Period Ended June 30, 2024
(thousands of dollars)

| | Month | Year to Date |
|---|------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers | \$ 120,962 | \$ 723,865 |
| Receipts from surplus power and gas sales | 20,806 | 109,817 |
| Other receipts | 31,095 | 128,423 |
| Payments to employees - payroll and other | (58,338) | (222,028) |
| Payments for wholesale power and gas purchases | (42,272) | (255,201) |
| Payments to vendors/others | (55,200) | (309,026) |
| Net cash provided by operating activities | 17,053 | 175,850 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Proceeds from bond issuance, net of premium | - | 733,046 |
| Repayment of debt | - | (537,295) |
| Prepaid gas supply expenditures | - | (187,894) |
| Interest on debt | - | (19,420) |
| Net cash used in noncapital financing activities | - | (11,563) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Construction expenditures | (38,621) | (219,265) |
| Contributions in aid of construction | 2,295 | 17,013 |
| Net proceeds from bond issues | - | 753,929 |
| Repayments and refundings of debt | - | (450,000) |
| Repayments of commercial paper | - | (150,000) |
| Other receipts/payments - net | - | 2,693 |
| Interest on debt | (900) | (86,597) |
| Lease and other receipts/payments - net | (4,887) | (17,720) |
| Net cash used in capital and related financing activities | (42,113) | (149,947) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Sales and maturities of securities | - | 287,209 |
| Purchases of securities | (48) | (244,628) |
| Interest and dividends received | 1,857 | 22,893 |
| Investment revenue/expenses - net | (730) | (1,808) |
| Net cash provided by investing activities | 1,079 | 63,666 |
| Net (decrease) increase in cash and cash equivalents | (23,981) | 78,006 |
| Cash and cash equivalents at the beginning of the month and year | 393,211 | 291,224 |
| Cash and cash equivalents at June 30, 2024 | \$ 369,230 | \$ 369,230 |
| Cash and cash equivalents included in: | | |
| Unrestricted cash and cash equivalents | \$ 298,768 | \$ 298,768 |
| Restricted and designated cash and cash equivalents | 59,048 | 59,048 |
| Restricted and designated assets (a component of the total of \$240,613 at June 30, 2024) | 11,414 | 11,414 |
| Cash and cash equivalents at June 30, 2024 | \$ 369,230 | \$ 369,230 |

SSS No. IAS 2024-5

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

| |
|--|
| Committee Meeting & Date Finance & Audit Committee August 13, 2024 |
| Board Meeting Date NA |
| |

| | | | | | | | |
|-----------------------------|-------------------|---------------------------------------|----------------------------------|---|--------------|--|--|
| TO | | | | TO | | | |
| 1. | Jose Bodipo-Memba | 6. | | | | | |
| 2. | Lora Anguay | 7. | | | | | |
| 3. | Scott Martin | 8. | | | | | |
| 4. | | 9. | Legal | | | | |
| 5. | | 10. | CEO & General Manager | | | | |
| Consent Calendar | | <input type="checkbox"/> | Yes | <input type="checkbox"/> | | No <i>If no, schedule a dry run presentation.</i> | |
| Budgeted | | <input checked="" type="checkbox"/> | Yes | No <i>(If no, explain in Cost/Budgeted section.)</i> | | | |
| FROM (IPR) Claire Rogers | | DEPARTMENT Internal Audit Services | | MAIL STOP B409 | EXT. 7122 | DATE SENT 7/18/24 | |

NARRATIVE:

Requested Action: Informational agenda item to provide Board Members with the opportunity to ask questions and/or discuss recent reports issued by Internal Audit Services.

Summary: Reports issued by Internal Audit Services:

| Title | Report Number |
|--|----------------------|
| • Status of Recommendations Report for Q2 2024 | n/a |
| • Workforce Planning | 28007627 |
| • Greenergy® Partner Plus Annual Verification | 28007800 |

Board Policy: Board-Staff Linkage BL-3, Board-Internal Auditor Relationship
(Number & Title)

Benefits: N/A

Cost/Budgeted: N/A

Alternatives: N/A

Affected Parties: SMUD Board and Internal Auditor

Coordination: Internal Audit Services

Presenter: Claire Rogers, Director, Audit Services

Additional Links:

| | |
|---|-------------------------------|
| SUBJECT Internal Audit Services Report | ITEM NO. (FOR LEGAL USE ONLY) |
|---|-------------------------------|

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

OFFICE MEMORANDUM

TO: Board of Directors

DATE: July 3, 2024

FROM: Claire Rogers

**SUBJECT: QUARTERLY REPORT ON THE STATUS OF RECOMMENDATIONS AS OF
JUNE 30, 2024**

We are pleased to inform you that all outstanding recommendations have been implemented, and there is no Status of Recommendations report for the Second Quarter of 2024. There are currently no outstanding items.

If you need further information or wish to discuss any aspect of the report, please contact me at 732-7122, or Claire.Rogers@smud.org.

Workforce Planning

Executive Summary

Internal Audit Services (IAS) has completed a review of Workforce Planning. The purpose of this audit was to evaluate the processes in place to ensure SMUD has the resources it needs to accomplish its strategies and goals. This audit was included in the 2024 IAS Audit Plan.

Workforce planning is one of SMUD's organizational strategies to attract, develop, and retain staff to deliver on the 2030 Clean Energy Vision. In 2022, SMUD's Enterprise Change and Organizational Effectiveness (Culture and Enterprise Change) team developed a workforce planning goal to mitigate risk of future workforce gaps through enterprise-wide talent analysis, action planning, and monitoring. Specifically, strategic workforce planning includes identifying key roles that are vital to the 2030 Clean Energy Vision.

We confirmed that the current workforce planning strategy aligns with SMUD's enterprise strategy and goals and is supported by SMUD's executive team. Additionally, the workforce planning strategy clearly identifies desired outcomes and has been clearly communicated to senior leaders and stakeholders. We also confirmed that key roles were identified across all of SMUD's business units. Although rationale or other notes supporting the key role determination was only documented for about half of the 59 identified key roles, Enterprise Culture and Change staff confirmed that they have incorporated the documentation of rationale notes into the current key role identification process.

Finally, we confirmed that business partners worked with senior leaders to review and analyze data related to SMUD's current workforce and to identify any gaps resulting from those analyses. Our review found that gaps were identified and documented for all key roles, and that action plans were developed to address the identified gaps. We also confirmed that implementation of the action plans associated with key roles were monitored; business partners meet quarterly with senior leaders to discuss the status of the action plans; the status of the action plans are tracked, and metrics related to action plan status were communicated to senior leaders.

We would like to thank Culture and Enterprise Change staff for their cooperation and support during this audit.

Internal Audit Services

Workforce Planning

Audit Report 28007627



Workforce Planning

Internal Audit Services Report

Background:

Internal Audit Services (IAS) has completed a review of Workforce Planning. The purpose of this audit was to evaluate the processes in place to ensure SMUD has the resources it needs to accomplish its strategies and goals. This audit was included in the 2024 IAS Audit Plan.

Workforce planning is one of SMUD's organizational strategies to attract, develop, and retain staff to deliver on the 2030 Clean Energy Vision. In 2022, SMUD's Enterprise Change and Organizational Effectiveness (Culture and Enterprise Change) team developed a workforce planning goal to mitigate risk of future workforce gaps through enterprise-wide talent analysis, action planning, and monitoring. Specifically, strategic workforce planning includes identifying key roles that are vital to the 2030 Clean Energy Vision; deciding on the strategy and action plan for key roles and working with stakeholders to develop and deliver on action plans; and conducting quarterly check-ins with directors and stakeholders to monitor the action plans.

Scope:

The scope of this audit included all information related to SMUD's current workforce planning strategy, including all documentation related to succession planning, the identification of key roles, and related action or development plans, as well as any workforce data and analyses. As the focus of this audit was strategic workforce planning, we did not review resource or operational workforce planning processes.

Objectives:

The objectives of this audit were to:

1. Confirm that SMUD has developed a workforce planning strategy that supports its mission and goals;
2. Determine whether appropriate data and analyses were effectively used to assess SMUD's workforce; and
3. Evaluate SMUD's plan to implement and monitor the workforce planning strategy.

Summary:

We interviewed Culture and Enterprise Change staff to learn about the processes related to SMUD's workforce planning strategy. We reviewed related documentation including workforce planning strategy presentations and communications, job aids and templates, and other guidance. We also reviewed completed key role identification and action planning documents, as well as tracking spreadsheets.

We confirmed that the current workforce planning strategy—first implemented in 2022—aligns with SMUD's enterprise strategy and goals and is supported by SMUD's

executive team. Additionally, the workforce planning strategy clearly identifies desired outcomes and has been clearly communicated to senior leaders and stakeholders.

We reviewed key role spreadsheets completed for each business unit in 2022 and confirmed that all SMUD's business units participated in the key role identification process, and that key roles were identified and documented where applicable; however, rationale or other notes supporting the key role determination was only documented for about half of the 59 identified key roles. Enterprise Culture and Change staff explained that recording the rationale for key role determinations was made optional in an effort to streamline the process. They confirmed that they have incorporated the documentation of rationale notes into the current key role identification process.

Business partners worked with senior leaders to review and analyze data related to SMUD's current workforce and to identify any gaps resulting from those analyses. Our review found that gaps were identified and documented for all key roles, and that action plans were developed to address the identified gaps.

Finally, we confirmed that implementation of the action plans associated with key roles were monitored. We reviewed action planning spreadsheets and found that business partners meet quarterly with senior leaders to discuss the status of the action plans; the status of the action plans are tracked, and metrics related to action plan status were communicated to senior leaders.

Conclusion:

Culture and Enterprise Change have developed a workforce planning strategy that supports SMUD's missions and goals. SMUD's key roles have been identified, and Culture and Enterprise Change staff have worked with senior leaders to analyze workforce data and discuss related gaps, and to develop action plans. Finally, the status of these action plans were monitored and reported to appropriate stakeholders.

IAS would like to thank Culture and Enterprise Change staff for their cooperation and support during this audit.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

OFFICE MEMORANDUM

TO: Board of Directors

DATE: July 19, 2024
Audit Report #28007800

FROM: Claire Rogers

SUBJECT: Greenergy® Partner Plus Program Verification — Agreed-Upon Procedures

Internal Audit Services (IAS) has performed the procedures enumerated below, which were agreed to by SMUD and the Center for Resource Solutions (CRS), to verify SMUD's compliance with annual reporting requirements of the CRS' Greenergy® Partner Plus Program Verification for the year ended December 31, 2023. SMUD's management is responsible for compliance with the annual reporting requirements of the CRS' Greenergy® Partner Plus Program Verification.

The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures include, but are not limited to:

- Validation and recalculation of Partner Plus retail sales;
- Validation and recalculation of Partner Plus Product resource supply, or renewable energy credits (RECs), retired in the Western Electric Coordinating Council (WECC) WREGIS tracking system database;
- Validation and recalculation of Partner Plus Product Content Labels.

Based on the Verification Audit Protocol for Greenergy® Partner Plus Program Verification and the results of the Agreed-Upon Procedures, IAS asserts that SMUD has no exceptions with regard to its compliance of the verification reporting requirements put forth in the Verification Audit Protocol.

The agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. IAS was not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on SMUD's compliance to the annual reporting requirements of the CRS' Greenergy® Partner Plus Program Verification. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to SMUD and CRS.

| |
|-------------------------|
| SSS No. BOD 2024-009 |
|-------------------------|

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

| |
|--|
| Committee Meeting & Date FINANCE & AUDIT – 2024 |
| Board Meeting Date N/A |
| |

| | | | | | | | |
|---|-------------------|----------------------------|----------------------------------|-------------------------------------|-------------------|---|-----------------------|
| TO | | | | TO | | | |
| 1. | Scott Martin | 6. | | | | | |
| 2. | Lora Anguay | 7. | | | | | |
| 3. | Jose Bodipo-Memba | 8. | | | | | |
| 4. | | 9. | Legal | | | | |
| 5. | | 10. | CEO & General Manager | | | | |
| Consent Calendar | | <input type="checkbox"/> | Yes | <input checked="" type="checkbox"/> | No | <i>If no, schedule a dry run presentation.</i> | |
| Budgeted | | <input type="checkbox"/> | Budgeted | <input checked="" type="checkbox"/> | Yes | No <i>(If no, explain in Cost/Budgeted section.)</i> | |
| FROM (IPR) Rob Kerth / Crystal Henderson | | DEPARTMENT Board Office | | | MAIL STOP B307 | EXT. 5424 | DATE SENT 12/21/23 |

NARRATIVE:

Requested Action: A summary of directives is provided to staff during the committee meeting.

Summary: The Board requested an ongoing opportunity to do a wrap up period at the end of each committee meeting to summarize various Board member suggestions and requests that were made at the meeting to make clear the will of the Board. The Finance & Audit Committee Chair will summarize Board member requests that come out of the committee presentations for this meeting.

Board Policy: *(Number & Title)* Governance Process GP-4, Board/Committee Work Plan and Agenda Planning, states, among other things, “the Board will develop and follow an annual work plan that ensures the Board...focuses on the results the Board wants the organization to achieve....”

Benefits: Having an agendized opportunity to summarize the Board’s requests and suggestions that arise during the committee meeting will help clarify the will of the Board.

Cost/Budgeted: Included in budget.

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

Affected Parties: Board of Directors and Executive Staff

Coordination: Crystal Henderson, Special Assistant to the Board of Directors

Presenter: Rob Kerth, Finance & Audit Committee Chair

Additional Links:

| | |
|--|-------------------------------|
| SUBJECT Summary of Committee Direction – Finance & Audit | ITEM NO. (FOR LEGAL USE ONLY) |
|--|-------------------------------|

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.