Exhibit to Agenda Item #1a

Board Finance & Audit Committee Meeting and Special SMUD Board of Directors Meeting – Budget 2020
Thursday, November 7, 2019, scheduled to begin at 5:00 p.m.
Customer Service Center, Rubicon Room
Customer & Community Services
2020 Proposed Budget & Initiatives

Nicole Howard
Chief Customer Officer
## Customer & Community Services

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<th>Business Segments</th>
<th>Supporting Work Functions</th>
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<td>Retail Product Delivery &amp; Sales</td>
<td>Residential &amp; Assistance Delivery</td>
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<td>Communications Marketing &amp; Community Relations</td>
<td>Marketing &amp; Brand</td>
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<td>Advanced Energy Solutions</td>
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<td>Residential &amp; Assistance Delivery</td>
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<td>Commercial Communications</td>
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<td>Commercial Delivery</td>
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<td>Market Engagement</td>
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2020 Proposed Budget by Theme

Keeping the Lights On
Optimization & Operational Excellence
Embracing the Future
Risk Mitigation
Allocated Costs

November 7, 2019 4 Board Finance & Audit Committee Meeting and Special SMUD Board of Directors Meeting – Budget 2020
Keeping the Lights On

- **Safety**
  - Achieve zero safety incidents by promoting SMUD’s “Safety for Life” culture

- **Support Customer Experience Delivery**
  - Contact Center (CSR, emails, chat, letters)
  - Self-service (IVR, web, App)
  - Service Interconnection Support
  - Solar, EV charging, battery storage, Indoor cultivation
  - Billing and Payment Process
  - Conduct field investigations and energy audits
  - Credit and Collections
  - Commercial and Industrial account management

(SD-6, SD-2,5,7,9,13,15)
- Continue delivery of value-added programs, products and services
  - Energy tools and calculators
  - Energy efficiency rebates, incentives and loans
  - Advanced energy solutions - solar, storage, ev, building electrification
  - Supplier Education and Economic Development (SEED) program
  - Provide energy education and training through mass-market and targeted campaigns
Keeping the Lights On

- Support Special Assistance Customers
  - Continue energy efficiency pilots and education to Energy Assistance Program Rate (EAPR) customers
  - Continue our 3 year partnership with Grid Alternatives to offer rooftop solar systems to EAPR customers
  - Continue rate based discounts (EAPR and Med Rate)
  - Expand EnergyHelp increasing funds available to customers in need

(SD-2,5,15)
2020 Major Initiatives
- Continue Customer Service Systems Upgrades
- Expand Billing and Payment options
- Implement new electrification programs in support of the IRP
- Operationalize approved rate changes:
  - January and October price changes
  - Commercial Rate Restructure
  - Energy Assistance Program Rate (EAPR)- 0-50% poverty level discount increases from $50-$60
- Support net energy metering (NEM) 2.0 customer and community engagement
2020 Savings Initiatives

- Implement energy efficiency strategic reductions in support of the Integrated Resource Plan (IRP) program delivery - $4M moved to IRP budget
- Budget Billing enhancements
- Advanced marketing technology
  - Leveraging Google machine learning in Google responsive ads pilot

Our assets

The right ad for the customer

Google Machine Learning Technology

2020 Savings ~ $13.5M
Optimization and Operational Excellence

**Budget 2020**

- **Asset**
  - 1200 x 920 Image
  - Performance: Low

- **Asset**
  - Be A Super Hero For Just $1
  - Asset Type: Headline
  - Performance: Low

- **Asset**
  - Give The Gift Of Energy
  - Asset Type: Headline
  - Performance: Low

- **Asset**
  - Help Keep A Family's Lights On
  - Asset Type: Headline
  - Performance: Low

- **Asset**
  - Help Your Neighbors In Need
  - Asset Type: Headline
  - Performance: Low

- **Asset**
  - How Can $1 Make A Difference?
  - Asset Type: Long Headline
  - Performance: Best

- **Asset**
  - Make A Positive Impact On Our Community By Helping Local Families In Financial Distress
  - Asset Type: Description
  - Performance: Low

- **Asset**
  - Enroll in Energy HELP and be a hero to your neighbors in need, for as little as $1 a month
  - Asset Type: Description
  - Performance: Low

- **Asset**
  - Find out how donating just $1 a month can help our neighbors in need keep their lights on.
  - Asset Type: Description
  - Performance: Low

- **Asset**
  - Join over 14,000 SMUD customers to provide critical bill assistance for families in need.
  - Asset Type: Description
  - Performance: Low

- **Asset**
  - Make our community brighter by helping our neighbors in need keep their lights on.
  - Asset Type: Description
  - Performance: Best

- **Asset**
  - Bring fresh starts and hope to families in financial crisis for as little as $1 a month
  - Asset Type: Description
  - Performance: Low

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**SMUD Board of Directors Meeting – Budget 2020**
- **2016-2019 sustained savings continue in 2020**
  - Digital First strategy self-service channel migration
  - Contact Center optimization
  - Back office process enhancements
  - Program delivery optimization

2016 to 2021
Savings of $67.7M built into the plan

2020 Savings ~ $13.5M

$81.2M projected thru 2022
2020 Major Initiatives

- Mitigate drop in Value For What You Pay (VFP)
  - Customer tolerance is limited for multi-year price increases, and rate restructures immediately following TOD
  - VFP decline may indicate risk to industry standing as a leading customer service provider

- Mitigating Efforts
  - Continue communication, education and outreach efforts
  - System enhancements focused on improving the customer experience if resources become available
2020 Major Initiatives

- Deliver on goals of Integrated Resource Plan
  - Launch new energy efficiency program - Lighting as a Service (LaaS) pilot with LED Green Light & UCD
  - Expand participation in our battery storage and green pricing programs
  - Marketing, education and outreach to support electrification and decarbonization
  - Implement commercial, residential and EAPR electrification programs
  - Launch new and expand existing transportation electrification products, programs and services
2020 Major Initiatives (cont’d)

- Generate new net revenue
  - Acquire additional CCA business
  - Add products and services to SMUD Energy Store to support electrification goals
  - Market joint sales agreements (JSA) to drive additional revenue streams

(SD-2, 5, 7, 9, 15, 19)
2020 Major Initiatives (cont’d)

- Community Development
  - Neighborhood Impact Campaigns
  - SMUD Cares
  - Digital Education Expansion
  - Shine Program

- Economic Development
  - SEED Success Stories
  - EDR Marketing & Communication

- Sustainable Communities (Shared with Gary and Paul)
  - Promise Zone- Economic Development Partnership Projects
  - Small Business Micro Loan Program
  - Chamber Loaned Employee Program
Customer & Community Services
2020 Proposed Budget

Keeping the Lights On  Optimization/Operational Excellence  Risk Mitigation  Embracing the Future  Allocated Costs
Total SMUD Public Good budget is $98.9M (including rate subsidy). Board authorization amount is $69.1M ($35.8M Customer/Community BU, $24.3M Energy Operations BU and $9M Enterprise BU).

### Residential Assistance
- **EAPR Pilots**: $1.5M
- **Residential Assistance**: $3.7M

### Energy Efficiency
- **Residential**: $10.2M
- **Commercial**: $11.6M
- **Research, Evaluation and Planning**: $2.4M

### Renewables
- **Low Income**: $0.5M

**Public Good – $29.9M**
- **2%** Renewables: $0.5M
- **17%** Residential Assistance: $5.2M
- **81%** Energy Efficiency: $24.2M