Exhibit to Agenda Item # 7
Enterprise risk management update including a high-level summary of risk management and wildfire mitigation and response activities.

Board Finance & Audit Committee and Special SMUD Board of Directors Meeting Meeting
Tuesday, October 19, 2021, scheduled to begin at 5:30 p.m.
Virtual Meeting (online)
Noteworthy Update

External Risk: Wildfire Preparation and Response
Wildfire Preparation and Response

Staff continues to be vigilant in the assessment and monitoring of wildfire risks. SMUD utilizes an enterprise approach to identifying risk drivers, risk impacts and gaps to improve upon wildfire mitigation activities/programs where appropriate. Initiatives to prevent wildfires include:

- Continue routine inspections of its electrical infrastructure in high fire threat areas,
- Adopting new technologies to aid vegetation management programs,
- Established protocols for de-energizing high voltage lines when necessary,
- Undergrounding of certain distribution lines, and
- Suspending some automatic outage restoration technology,
- High resolution imagery of SMUD’s transmission assets located in HFTD Tiers 2 and 3 were collected via drones and are being analyzed to identify deficiencies with these assets.
Wildfire mitigation activities within SMUD’s service area

- Disabled automatic reclosing on circuits within the pole clearing area prior to the start of fire season;
- Updated operating procedures for de-energization;
- Completed annual vegetation management work;
- Begun installation of non-expulsion equipment within high-risk areas
Helping customers prepare

SMUD has identified additional steps to help customers prepare for wildfire season:

• Sent letters and emails to those on MED Rate and Senior ID ahead of wildfire season;
• Opt in program for any customer to self identify for additional notifications;
• Additional language support;
• New materials and resources available at smud.org/wildfiresafety;
• An awareness campaign for customers not already participating in the MED Rate Program; and
• Wildfire Safety marketing campaign designed to advise customers of our safety efforts this summer and fall.
Recent Wildfire Response

- Emergency Operations Center
  - Ensures uniform response across the organization
  - Relevant information was conveyed timely and appropriately
- Moved 50-60 vehicles and equipment from Fresh Pond and Riverton Yard to White Rock Powerhouse
- Secure potential resources for restoration, clean-up, vegetation management and surveying work
- EOC worked as designed, post event evaluation showed that SMUD’s presence at the Incident Command (IC) Center was key to the success of keeping fire away from SMUD assets
  - SMUD daily presence at Caldor Fire Incident Command (IC) was noted and appreciated. Much of the IC was from extreme Northern CA or Southern CA
  - SMUD presence was "key" for communication and providing "value for assets at risk" to Caldor IC Team
## SD-17 ERM Portfolio: Residual Business Critical Risk Exposure: October 19, 2021

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## Legend: by Risk Heat Zone

- **Extremely High Residual Risk**
  - Energy Management Center
  - Existing Corporation Yard
  - Headquarter Building
  - Physical Asset Security
  - Backup Control Center
  - Facilities Workplace Strategy
  - Rancho Seco Park Facilities

- **High Residual Risk**
  - Customer Service Center
  - Exit
  - Existing Corporation Yard
  - Fourth Street Garage
  - First Street Garage
  - Public Safety
  - Hydro License
  - NERC/FERC Standards
  - Energy Management Center
  - Hydro License
  - NERC/FERC Standards
  - Existing Corporation Yard
  - Headquarter Building
  - Physical Asset Security
  - Backup Control Center
  - Facilities Workplace Strategy
  - Rancho Seco Park Facilities

- **Medium Residual Risk**
  - Customer Service Center
  - Exit
  - Existing Corporation Yard
  - Fourth Street Garage
  - First Street Garage
  - Public Safety
  - Hydro License
  - NERC/FERC Standards
  - Energy Management Center
  - Hydro License
  - NERC/FERC Standards
  - Existing Corporation Yard
  - Headquarter Building
  - Physical Asset Security
  - Backup Control Center
  - Facilities Workplace Strategy
  - Rancho Seco Park Facilities

- **Low Residual Risk**
  - Customer Service Center
  - Exit
  - Existing Corporation Yard
  - Fourth Street Garage
  - First Street Garage
  - Public Safety
  - Hydro License
  - NERC/FERC Standards
  - Energy Management Center
  - Hydro License
  - NERC/FERC Standards
  - Existing Corporation Yard
  - Headquarter Building
  - Physical Asset Security
  - Backup Control Center
  - Facilities Workplace Strategy
  - Rancho Seco Park Facilities

- **Extremely Low Residual Risk**
  - Customer Service Center
  - Exit
  - Existing Corporation Yard
  - Fourth Street Garage
  - First Street Garage
  - Public Safety
  - Hydro License
  - NERC/FERC Standards
  - Energy Management Center
  - Hydro License
  - NERC/FERC Standards
  - Existing Corporation Yard
  - Headquarter Building
  - Physical Asset Security
  - Backup Control Center
  - Facilities Workplace Strategy
  - Rancho Seco Park Facilities

- **Recent Changes denoted in Purple**
  - Energy Management Center
  - Existing Corporation Yard
  - Headquarter Building
  - Physical Asset Security
  - Backup Control Center
  - Facilities Workplace Strategy
  - Rancho Seco Park Facilities

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October 19, 2021

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