Maintaining access to credit is a core value of SMUD.

Therefore:

a) For SMUD’s annual budgets, the Board establishes a minimum target of cash coverage of all debt service payments (fixed charge ratio) of 1.5 times.

b) When making resource decisions, SMUD shall weigh the impacts on long-term revenue requirements, debt, financial risk and flexibility.

c) SMUD’s goal is to maintain at least an “A” rating with credit rating agencies.

**Monitoring Method:** GM Report  
**Frequency:** Annual