

**Plan & Manage the Business:**  
**Strategic & Operational Overview**

## **SMUD Board – Strategic Planning**

Sets the Vision, Purpose, and Values for SMUD. Establishes high level metrics and targets.

## **SMUD Staff – Operational Planning**

Develops Initiatives and Prioritizes the allocation of resources to best meet the Board's goals.

## **Vision Statement**

Strategic Directive (SD-1A)

As a community-owned utility, SMUD's vision is to be a leader in customer satisfaction and a positive force in promoting community benefits.

## **Purpose Statement**

Strategic Directive (SD-1B)

SMUD's purpose is to provide solutions to meet our customers' electrical energy needs.

# Strategic Directives

- CORE VALUES
  - SD-1 Vision and Purpose Statement
  - SD-2 Competitive Rates
  - SD-3 Access to Credit Markets
  - SD-4 Reliability
  - SD-5 Customer Relations
  - SD-6 Safety
  - SD-7 Environmental Protection
  - SD-8 Employee Relations
  - SD-11 Local Control
  - SD-12 Ethics
- KEY VALUES
  - SD-9 Resource Planning
  - SD-10 Research & Development
  - SD-13 Economic Development
  - SD-14 System Enhancement
  - SD-15 Outreach and Communication

Core Values - Strategically Essential for SMUD

Key Values - Provide Value-Added Services to SMUD Customers and Ratepayers

Major Initiatives - Achieving the Values and Outcomes

## Board of Director's Performance Metrics Included in Strategic Directives

CORPORATE KEY

Strategic Directive	Metric	2005 Target	2005 Actual	2006 Target
SD-2 Competitive Rates	<b>Competitive System Average Rates</b>	10% Below Pacific Gas & Electric	21.8% Below Pacific Gas & Electric (6)	10% Below Pacific Gas & Electric
SD-3 Access to Credit Markets	<b>Equity Contribution to Total District Capitalization</b>	20% by the end of 2007	20% by the end of 2007	20% by the end of 2007
SD-4 Reliability	<b>Customer Load Demand Met through Use of its Generation Resources and Purchase Power Portfolio</b>	100%	100%	100%
SD-4 Reliability	<b>Overall availability of transmission assets</b>	>99%	100%	>99%
SD-4 Reliability	<b>Reliability Measures Length of Outages (SAIDI) and Frequency of Outages (SAIFI)</b>	SAIDI = 80.4 min SAIFI = 1.16	SAIDI = 74.2 min <sup>(5)</sup> SAIFI = 1.48	SAIDI = 80.4 min SAIFI = 1.16
SD-5 Customer Relations	<b>Customer Satisfaction Survey (1)</b>	95%	95%	95%
SD-6 Safety	<b>OSHA recordable incident rate, lost time incident rate, and preventable vehicle incident rate (2)</b>	OSHA=7.5 LTA= 2.2 PVA=5.1	OSHA=8.46 LTA=1.98 PVA=5.51	OSHA=6.4 LTA= 1.9 PVA=4.4
SD-9 Resource Planning	<b>Per Customer Peak Usage (3)</b>	5.14 kW	5.17 kW	5.14 kW
SD-9 Resource Planning	<b>Renewable energy to meet SMUD's load (4)</b>	8.0%	10.7%	10.0%

(1) Customer Satisfaction Survey (very satisfied/satisfied) comprised of New Service Design & Construction, Tree Trimming, Meter Services (Distribution BU), Residential Energy Efficiency Audits, and Contact Center New Connects (Customer BU)  
 (2) The five-year overall safety goal is: OSHA 5.8; LTA 1.7; PVA 3.9. 2006 is the fourth year of the five-year overall safety goal to reduce 2002 District safety incident rates by 50%.  
 (3) Normalized to a 106 degree summer day.  
 (4) Overall target 10% by 2006 and 20% by 2011.  
 (5) 2005 SAIFI higher than target due to substation incidents and an increase in UG cable failures.  
 (6) 2005 Forecast as of October 2005; with PG&E approved rate increase as of 1/1/2006, SMUD 26.9% below PG&E

# Other District Monitoring Metrics Used by Management

C  
O  
R  
E  
  
K  
E  
Y

Strategic Directive	Metric	2005 Target	2005 Actual	2006 Target
SD-2 Competitive Rates SD-3 Access to Credit Markets	<b>Non-commodity O&amp;M Actual vs. Budget (1)</b>	<= 100%	98%	<= 100%
SD-2 Competitive Rates SD-3 Access to Credit Markets	<b>Commodity \$/MWh of Energy Requirements (1)</b>	46.6	44.0	43.7
SD-2 Competitive Rates SD-3 Access to Credit Markets	<b>2005-2007 Operational Planning Targets (1)</b>	Meet 2006 Target	Met Target	Meet 2007 Target
SD-5 Customer Relations	<b>Contact Center Service Level (% in 60 seconds) (2)</b>	90%	85%	90%
SD-5 Customer Relations	<b>Contact Center Average Speed of Answer (2)</b>	1:00 minute	31 seconds	N/A
SD-5 Customer Relations	<b>New Service Cycle Time</b>	Subdivision: Design: 80 days Construction: 6 weeks  Commercial: Commitment: 60 days Construction: 60 days	Subdivision: Design: 90 days Construction: 6 weeks  Commercial: Commitment: 77 days Construction: 60 days	Subdivision: Bid Print 60 days Construction: 6 weeks  Commercial: Commitment: 60 days Construction: 60 days
SD-7 Environmental Protection	<b>Emission reductions measured through GWh saved through Energy Efficiency, Greenergy and Solar Programs (3)</b>	99.67 GWh	104.0 GWh	95.65 GWh
SD-13 Economic Development	<b>Percent of Supplier Emerging Enterprise Development (SEED) contracts</b>	7.5%	8.0%	7.5%

(1) Supports Board metric for Equity Contribution Total District Capitalization to be 20% by the end of 2007.  
(2) Contact Center Service Level incorporates Average Speed of Answer. Therefore, beginning in 2006, Contract Service Level metric replaced Average Speed of Answer at the District level.  
(3) Metric combines efficiency, greenergy and solar capacity savings (GWh), includes Public Good and Resource Acquisition (IRP) programs for 2006.

**PLAN & MANAGE THE BUSINESS**

**Jan**

Prioritize District Major Initiatives and Align with Board Strategic Directives

**Feb/Mar**

Extend Target One Year; Update Business Unit 3-Year Operational Plans\*, Identify Initiatives

**Ongoing**

Performance Management

**Plan & Manage the Business**

**Apr/May**

Identify Segment Objectives, Targets and Capital Projects



**Nov/Dec**

Employee Performance Plans      Annual District Budget

**Jun/Jul**

BU /Segment  
1<sup>st</sup> Yr Operating Plans & District-wide Capital Project Prioritization

**Oct**

Review & Documentation

**Aug/Sep**

Budget Development & Reconciliation

*\*Operational Plans may span more than three years (for example: transmission substations)*