

RESOLUTION NO. LAFC 1313

**RESOLUTION OF THE
SACRAMENTO LOCAL AGENCY FORMATION COMMISSION
MAKING DETERMINATIONS AND ADOPTING FINDINGS ON THE SMUD
MUNICIPAL SERVICE REVIEW AND THE APPLICATION TO AMEND THE
SPHERE OF INFLUENCE AND TO ANNEX TERRITORY COMPRISING THE
CITIES OF WEST SACRAMENTO, WOODLAND, DAVIS AND PORTIONS OF
YOLO COUNTY
(05-05)**

WHEREAS, as used in this Resolution, the following terms shall mean:

“Sacramento Municipal Utility District” or “SMUD” is the applicant.

“Commission” is the Sacramento County Local Agency Formation Commission;

“County” is the County of Yolo, unless otherwise stated;

“Executive Officer” is the Executive Officer of the Commission;

“Application” is the application filed by SMUD certified as a Sufficient Application on February 15, 2006;

“Proposal” is the application of SMUD including an annexation of the Annexation Area, a sphere of influence amendment, and a municipal service review; and

“Annexation Area” or “Affected Territory” is the area described in Exhibit A (legal description) and shown on Exhibit B (map), which are attached hereto and by this reference incorporated herein. In the event of any conflict between Exhibit A and Exhibit B, Exhibit A shall control;

“PG&E” is Pacific Gas and Electric Company which is the current electric service provider in the territory;

The “City of Woodland,” “City of Davis” and the “City of West Sacramento” are municipal corporations and may be referred to collectively as the Cities;

“Municipal Service Review” or “Master Service Element” are interchangeable terms and are defined in the Cortese-Knox-Hertzberg Local Government Reorganization Act and the Commission Policies Standards and Procedures.

WHEREAS, in February 2003, the Cities of West Sacramento, Davis and Woodland (the “Cities”), and the County of Yolo, requested that SMUD consider annexing the Cities of West

Sacramento, Davis and Woodland, and contiguous areas in Yolo County, into SMUD's electric service territory; and

WHEREAS, SMUD, by Resolution No. 03-04-06, on April 3, 2003, adopted criteria for an annexation feasibility study; and

WHEREAS, SMUD, the Cities and the County of Yolo engaged R.W. Beck to analyze the feasibility of such annexation and R.W. Beck issued its report in January 2005; and

WHEREAS, the R.W. Beck report considered three annexation scenarios consisting of: (1) West Sacramento only; (2) West Sacramento and Davis; and (3) West Sacramento, Davis and Woodland (the All Region alternative) and recommended the All Region alternative scenario in terms of system configuration; and

WHEREAS, the R.W. Beck Report concluded that: (1) annexation of the Cities and associated portions of Yolo County was technically feasible; (2) that rates for electric service in the area considered for annexation would decrease; and (3) new Yolo customers would expect certain economic benefits and improved service reliability; and

WHEREAS, the R.W. Beck Report was presented to and discussed by SMUD at public meetings on January 18 and January 20, 2005, and presented and discussed at more than 17 public meetings conducted by the Cities and Yolo County; and

WHEREAS, after consideration of the R.W. Beck report, the Cities and the County of Yolo, on behalf of certain portions of Yolo County contiguous to the Cities, on March 16, 2005; March 15, 2005; March 15, 2005; and April 5, 2005, respectively, unanimously adopted joint resolutions formally requesting that SMUD annex those areas into SMUD's service territory; and

WHEREAS, SMUD staff subsequently performed an internal analysis which (1) generally agreed with the conclusions in the R.W. Beck Report; (2) determined that annexation would not negatively impact service or reliability for SMUD's existing customers; and (3) found economic benefits for both SMUD's existing customers and Yolo County customers presented and discussed by SMUD at meetings held on April 19 and April 21, 2005; and

WHEREAS, SMUD also retained Dr. Sanjay Varshney, Dean of the School of Business Administration, California State University, Sacramento, to conduct a review of the R.W. Beck Report, SMUD staff analysis and PG&E comments; and

WHEREAS, Dr. Varshney issued a written report which found: (1) the methodology and assumptions used in the R.W. Beck Report and SMUD staff analysis were reasonable; and

WHEREAS, SMUD determined that (1) the potential annexation is expected to result in economic benefits to existing SMUD customers and to Annexation Area customers; (2) power supply costs associated with serving the Annexation Area customers will likely be higher than the power supply costs of existing SMUD customers, but that the economies of scale in SMUD's operating costs and lower debt service cost per Annexation Area customer will more than offset

the difference in power supply costs; (3) reliability and service standards for SMUD's existing customers will not be reduced or impacted; (4) a surcharge on Annexation Area customers can be developed and implemented that will ensure that the Annexation Area customers are financially responsible for the annexation and service costs; (5) SMUD's existing customers are to be held harmless and will not subsidize the annexation or costs of providing service to the Annexation Area customers; (6) the cost of electric service for the Annexation Area customers is expected to be lower than the cost of electric service from PG&E and the cost of electric service for SMUD's existing customers will not increase as a result of the annexation; and consequently SMUD authorized the filing of an Application to the Commission; and

WHEREAS, the Application was submitted to the Commission pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act, and all amendments thereto; and

WHEREAS, the Yolo County Local Agency Formation Commission confirmed with the Executive Officer that the Sacramento Commission was the appropriate LAFCo to hear the Application as the Principal County; and

WHEREAS, the Executive Officer examined the Application and executed his Certificate of Sufficiency in accordance with law; and

WHEREAS, the Executive Officer and staff requested information from PG&E, SMUD, affected public entities and other persons in order to evaluate the Application; and

WHEREAS, the Executive Officer retained experts in the utility field to provide opinions to the Commission regarding disputed issues such as valuation methodology, reliability, inventory, rates, energy pricing and other issues; and

WHEREAS, the Executive Officer staff and its experts solicited comments from SMUD, affected public agencies, PG&E, and other persons and entities in order to evaluate the issues in dispute and provide an opinion to the Commission; and

WHEREAS, the California Public Utilities Commission ("CPUC"), provided its report pursuant to PUC Resolution E-3952 and pursuant to Government Code 56131 finding that the Application did not adversely affect PG&E's ability to provide adequate service to its remaining customers; and

WHEREAS, on January 12, 2006, SMUD filed with the Commission SMUD Resolution No. 06-01-08, which commits to call an election in Sacramento County and portions of Placer County requesting affirmation of the Proposal and agreeing that SMUD will not provide electric service to the Annexation Area unless approved by a majority of the voters in SMUD's service area in Sacramento and Placer County; and

WHEREAS, at the times and in the substantial form and manner provided by law, the Executive Officer has given notice of public hearing(s) by this Commission upon the Application

and numerous public hearings on the Application were held by the Commission and the Applicant in the Affected Territory; and

WHEREAS, the Executive Officer has reviewed all available information and prepared reports, including recommendations, and presented the findings, reports and related information to the Commission, which were then considered by the Commission; and

WHEREAS, on April 5, 2006, the Commission's expert, GES Engineers and Appraisers, provided an "Analysis of the Economic and Level of Service Impacts Resulting from the Annexation by Sacramento Municipal Utility District of Pacific Gas and Electric Company's Service Territories in the Cities of West Sacramento, Davis, Woodland, and Unincorporated Areas of Yolo County" dated March 29, 2006, and further, Davis Wright Tremaine, LLP, provided an opinion regarding valuation methodology dated March 29, 2006; and

WHEREAS, comments were received on such expert opinions which were responded to and at the public hearing(s); and

WHEREAS, executed Memoranda of Understanding with SMUD were received from the Cities and Yolo County to comply with Commission policies requiring that the Proposal be revenue neutral to the affected public entities; and

WHEREAS, SMUD and the County of Yolo provided the Commission with a Property Tax Exchange Agreement executed pursuant to Revenue and Taxation Code section 99; and

WHEREAS the Executive Officer issued his Executive Officer Report on April 14, 2006, which recommends approval of the Proposal and contains additional information submitted by interested parties and responses by the Commission's experts; and

WHEREAS, the Commission heard and received all oral and written comments, protests, objections, all oral and written evidence, which was made, presented, or filed, and persons present were given an opportunity to hear and be heard with respect to any matter relating to these hearings; and

NOW, THEREFORE, the SACRAMENTO LOCAL AGENCY FORMATION COMMISSION does hereby find, determine, resolve and order as follows:

1. Notice as required by law has been given.
2. The Annexation Area is inhabited.
3. The Boundaries of the Annexation Area are definite and certain as set forth in Exhibit A and Exhibit B attached hereto and incorporated herein.
4. The Commission, through its Executive Officer, conducted an Initial Study of the Proposal and has caused an Environmental Impact Report (EIR) to be prepared which was

certified by the Commission, as complying with the California Environmental Quality Act (CEQA), pursuant to Resolution 1312.

5. The Commission approves the Proposal and determines that SMUD will be the most efficient electric service provider to the Annexation Area and has the ability to provide the residents of the Annexation Area with at least the same level of service and potentially more reliable service at a predicted lower rate. This approval is subject to the findings and terms and conditions set forth in this Resolution. This approval is based upon the following facts:

- a. The Cities and the County have requested that SMUD be their electric service provider after studies performed by independent consultants which determined that rates, reliability and service would benefit the Affected Territory.
- b. SMUD staff conducted an internal study of the impacts of annexation and also retained an outside consultant to review the internal study and both determined that benefits of the Proposal would occur both within the Annexation Territory and within the existing service area.
- c. The SMUD Proposal analyzed the effects of the annexation on existing ratepayers and ratepayers in the annexation territory, made necessary modifications to conform to LAFCo policies to ensure certain and definite boundaries, minimized stranded facilities, and included a plan for service, a Municipal Service Review and a Sphere of Influence plan that conforms to law and Commission policies.
- d. PG&E is an effective service provider and has cooperated with Commission staff and experts to address the issues raised by the Proposal. PG&E has submitted data and findings of its own contrary to those submitted by SMUD and the Cities and Yolo County.
- e. The Commission retained its own consultants to review PG&E's positions, the SMUD Proposal, and other comments and provide findings to the Commission. The consultants and the Executive Officer concur that the SMUD Proposal is reasonable and provides benefits to residents of the Annexation Area in the form of potentially more reliable service and lower rates while not affecting existing SMUD customers.
- f. The California Public Utilities Commission has issued a report (PUC Resolution No. E-3952) to the Commission pursuant to Government Code 56131 indicating that the Proposal will not impair the ability of PG&E to provide adequate service at reasonable rates within the remainder of PG&E's service territory. PG&E will continue to be the natural gas service provider in the Annexation Area.

- g. SMUD as a public agency will provide local control and accountability to the residents of the Annexation Area.
- h. The Commission has imposed certain terms and conditions which further the beneficial effects of the Proposal as set forth in this Resolution.
- i. The Cities and Yolo County have entered into separate Memoranda of Understanding and Property Tax Exchange Agreements which comply with Commission Policies requiring that an annexation be revenue neutral to the public agencies affected.
- j. SMUD and Yolo County have entered into a Revenue and Taxation Code 99 Agreement in accordance with law.

6. The Commission has considered all relevant factors set forth in Government Code 56668 and all other relevant factors in reaching its conclusions regarding the Proposal including its findings set forth in Exhibit C, attached hereto and incorporated herein.

7. The Commission concurrently adopts Resolution No. 1314 adopting Findings and a Mitigation Monitoring Reporting Program consistent with the requirements of CEQA.

8. In approving the Sphere of Influence Amendment, the Commission has considered the policies set forth in Government Code 56425. Pursuant to Government Code 56425, and based upon the entire record, the Commission determines that:

- a. The present land uses in the Annexation Area are a mix of urban, commercial, residential, manufacturing and agricultural uses. The planned land uses in the area, including agricultural and open-space lands will be minimally affected by the Proposal and the imposition of terms and conditions in this Resolution and Resolution No. 1314 will mitigate such impacts.
- b. The present and probable need for public facilities and services in the area are set forth in the general plans of the affected Cities and Yolo County. The Proposal will affect growth as set forth in the Final EIR, which is considered a significant impact to the extent that it may provide service in a more reliable and cost effective manner.
- c. The present capacity of public facilities and adequacy of public services that SMUD provides or is authorized to provide is electric service to approximately 575,000 customers in Sacramento County, a portion of Placer County and a single uninhabited parcel of property in Yolo County. SMUD plans for the orderly expansion of its electric facilities and services to meet growth in its service area. The Sphere of Influence is coterminous with the Annexation Area and contemplates the addition of approximately 70,000 customers. The Annexation Area is consistent with SMUD's

annexation policies adopted on April 3, 2003, by SMUD Resolution No. 03-04-06. -

- d. The relevant social or economic communities of interest in the area include the Cities and Yolo County, all of which support the Sphere of Influence Amendment and Annexation. The Commission did not receive any objections from existing communities of interest in Sacramento County and Placer County currently within the SMUD service territory.

9. The Commission considers both the Sphere of Influence Amendment and the annexation concurrently as the circumstances merit concurrent consideration exist for this Application. These circumstances include the request by the Cities and Yolo County to be concurrently annexed into SMUD and the fact that the Sphere of Influence Amendment and Annexation Area are co-terminous.

10. In accepting the Municipal Service Review, the Commission has considered the policies set forth in Government Code 56430. Pursuant to Government Code 56430, the Commission finds and determines that:

- a. The Executive Officer presented the Municipal Service Review on March 1, 2006, to the Commission. No objections were received.
- b. SMUD has provided for its infrastructure needs and this determination is based upon the Executive Officer's Reports and the information received from SMUD.
- c. Growth and population projections for the affected area have been provided by the affected entities.
- d. The credit rating of the Sacramento Utility District is A1/A2 as reported by Moody's Investor Service as of June 24, 2005, which demonstrates SMUD's financial stability.
- e. SMUD operates at an efficient level and utilizes cost avoidance opportunities when available. SMUD has consistently ranked high in customer satisfaction and service reliability.
- f. SMUD rates are reasonable compared to other comparable electric service providers and demonstrates efficient management of its energy portfolio and rate structuring opportunities.
- g. SMUD maximizes its opportunities to share facilities where possible.
- h. SMUD's organizational structure allows for reorganization of service providers as demonstrated by the Proposal.

- i. Based upon its current rates and management structure, SMUD has demonstrated management efficiencies.
- j. SMUD is governed by seven locally elected Board members.

11. In approving the annexation, the Commission has considered the factors required by law and its policies and has made findings as set forth in this Resolution.

12. A certified copy of the CPUC Report required by Government Code 56131 is on file with the LAFCo Executive Officer consistent with Government Code 56875.

13. The Commission has received, reviewed and considered the Report of the CPUC consistent with Government Code 56129. The Report determined that the Proposal did not adversely affect the remaining customers of PG&E.

14. The Annexation Area is consistent with the spheres of influence of the local agencies affected by the proposed annexation of territory to the SMUD consistent with Government Code 56375(a) and 56375.5.

15. The Commission finds that proper notice has been provided to all interested parties and agencies including the legislative body and Executive Officer of all affected agencies consistent with Government Code 56123.

16. Numerous public hearings have been conducted on the Proposal consistent with Government Code 56662(b).

17. The Commission received and considered the SMUD plan for providing services consistent with Government Code 56666.

18. The Commission has received and considered the Executive Officer's Report consistent with Government Code 56666.

19. The Commission has considered whether the proposed annexation will be for the interest of the landowners or present or future inhabitants within SMUD and within the Annexation Area consistent with Government Code 56668.3. Based on the Proposal and GES' opinion, the Executive Officer's Report, and the comments provided by SMUD, the Commission finds that the Proposal will benefit landowners and inhabitants within SMUD. Further, the Commission finds that the Cities and Yolo County have supported the Proposal and have submitted comments orally and in writing that the Proposal will be of benefit to both landowners and inhabitants of the Annexation Area.

20. The Commission may approve a proposal subject to conditions pursuant to Government Code 56375(a) and 56886.

- a. The Commission adopts and imposes the following conditions:

1. Existing SMUD customers shall be held harmless as a result of the annexation of the Cities of West Sacramento, Davis and Woodland and contiguous unincorporated areas of Yolo County into SMUD's electric service area. This condition shall be implemented as follows:

a. Annexation shall not adversely affect the quality or level of service and reliability to existing SMUD customers. In order to ensure this condition, SMUD shall and has agreed by SMUD Resolution Nos. 05-07-08 and 05-07-001 to impose a surcharge on customers in the Annexation Area to pay for the full cost of the annexation, start up costs, power supply costs, and the cost of service. During the Surcharge Period (as defined in 1.b.iv), SMUD shall continue to monitor indices of customer satisfaction and reliability and publicly report these findings on an annual basis. A copy of the annual customer satisfaction and reliability report(s) will be provided to LAFCo.

b. SMUD ratepayers in the Annexation Territory shall pay through their rates and a surcharge an amount sufficient to recover the costs of annexation, including costs associated with the acquisition of the PG&E facilities, increased power supply costs and non-bypassable charges assessed to departing load by the CPUC or California law. The recovery of annexation costs shall be consistent with the following principles:

(i) SMUD shall recover the first \$90 million of acquisition costs of PG&E's facilities over the long-term through SMUD rates charged to SMUD customers in the annexed territory (Yolo Customers). This amount constitutes the Base Amount.

(ii) Acquisition costs in excess of the Base Amount shall be included in the Surcharge Amount. Payment of this portion of the Surcharge Amount shall represent the Yolo Customers' equity contribution to the SMUD system.

(iii) Following the Yolo territory election addressing annexation, SMUD will acquire energy resources to serve the Yolo Customers and to the extent reasonable and prudent will fix the cost of all or a portion of the energy resources. In fixing the cost of the energy resources, if the forward price of natural gas is more than \$1 per MMBtu above the natural gas price assumed in the April 2005 SMUD Staff Assessment and Recommendation (SMUD Staff Assessment), the Surcharge Amount shall be increased to include the impact of natural gas prices (in excess of the assumed price plus \$1 per MMBtu) on the estimated economic benefits of the annexation.

(iv) The Surcharge Amount described in paragraphs 1.b.ii and 1.b.iii above shall be collected from the Yolo Customers during the Surcharge Period. The Surcharge Period shall continue until the Surcharge Amount is fully paid. While the term of the Surcharge Period is not fixed, it is expected to last between 5 and 10 years (based upon the assumptions in the SMUD Assessment).

(v) During the Surcharge Period, the Surcharge Amount shall be reduced each year by the revenue collected from the Yolo Customers which is in excess of the revenue that would have been generated by SMUD tariffs plus any non-bypassable charges.

(vi) As part of SMUD's independent audit, SMUD shall separately track and account for the costs included in the Surcharge Amount which shall be provided to the Commission. When the Surcharge Amount has been recovered from the Yolo Customers, the SMUD Board of Directors shall certify at a publicly noticed meeting that the Surcharge Amount has been fully recovered and shall transmit a copy of the certification to LAFCo.

(vii) During the Surcharge Period, the initial tariff rates for the Yolo Customers shall be 2 percent or more below the then effective PG&E tariff rates. The initial tariff rates shall be set to contribute to coverage of SMUD's fixed costs to recover the Surcharge Amount (over the Surcharge Period) and non-bypassable charges until fully satisfied.

(viii) At the end of the Surcharge Period, the Yolo Customers shall be placed on the then-applicable SMUD tariff rates for similarly situated customers. In addition to the SMUD tariff rates, the Yolo Customers shall continue to pay any ongoing non-bypassable charges until fully satisfied.

2. Commission policies require that the Proposal be revenue neutral to the affected public agencies. The Commission finds that SMUD has satisfied this condition by entering into agreement with the Cities and Yolo County. SMUD and the local jurisdictions have executed Memoranda of Understanding (MOUs) which contemplate the subsequent execution of Customer Tailored Electric Service Agreements that shall provide the benefits of annexation and satisfy revenue neutrality through mechanisms contemplated in the MOUs. Within ninety (90) days of the date LAFCo records a certified copy of the certificate of completion of the annexation with the Yolo County Recorder, SMUD and the local

jurisdictions shall negotiate, consistent with the MOU principles, Customer Tailored Electric Service Agreements that definitively identify the benefits of annexation for, and obligations of, the Parties and in the opinion of the Parties achieves the goal of revenue neutrality. SMUD shall provide executed copies of the Customer Tailored Electric Service Agreements to LAFCo.

To the extent any such revenue neutrality mechanism is subject to the approval of voters in the territory to be annexed, and the voters do not approve the mechanism, SMUD shall not be obligated to proceed with the annexation unless each of the Cities and the County of Yolo confirm that they still desire to be annexed into SMUD's electric service territory.

3. Protests and votes cast in any elections that may be required under Government Code 56129, 56130 and 57075 shall be counted throughout the territory to be annexed, rather than on a jurisdiction-by-jurisdiction basis.

4. SMUD shall offer to hire qualified PG&E employees displaced as a direct result of the annexation to fill the SMUD positions created to effect the annexation.

5. The SMUD Board of Directors intends to place a measure by Ordinance on the November 7, 2006, election ballot for the purpose of allowing voters within SMUD's existing territory to decide whether or not SMUD should provide electric service to the affected territory.

6. The annexation effective date shall occur nine months after the date of election under Government Code 56129 and 57075 in the Annexation Area and the election under the SMUD Ordinance in SMUD's existing territory in which a majority approved SMUD's annexation of and provision of electric service to the Affected Territory. In the event each ballot measure is not so approved, SMUD shall not provide electric service to the Annexation Area.

7. At the time the annexation becomes effective, or as soon as possible thereafter, SMUD shall modify its ward boundaries, consistent with Public Utilities Code 11857.1 and notify LAFCo when such boundaries have been modified.

b. There shall be two questions on the ballot as follows:

1. Pursuant to Government Code 57075 the election question shall be: Shall the Sacramento Municipal Utility District (SMUD) annex into its service territory the Cities of West Sacramento, Davis and Woodland and

the contiguous unincorporated area of Yolo County for the purpose of providing electric service?

2. Pursuant to Government Code 56129 and 56130 the election question shall be: Shall the Sacramento Municipal Utility District (SMUD) replace Pacific Gas and Electric Company as the electric service provider for the Cities of West Sacramento, Davis, and Woodland and the contiguous unincorporated area of Yolo County?

21. The number of registered voters in the Annexation Area is 77,316.

22. The conducting authority shall be the Commission in accordance with Government Code 56029 and the Executive Officer is authorized and directed to take all necessary actions to complete the change of organization contemplated under this Resolution.

23. The Commission makes the additional findings and imposes the additional conditions set forth in Exhibit D attached hereto and incorporated herein.

BE IT FURTHER RESOLVED by the Sacramento Local Agency Formation Commission that the Yolo County Board of Supervisors, the Cities of West Sacramento, Davis and Woodland are directed to initiate appropriate proceedings in compliance with this Resolution and as may be necessary under state law and that the Executive Officer of this Commission is authorized and directed to:

- a. Mail a certified copy of this Resolution to the Applicant; and
- b. Mail a certified copy of this Resolution to the affected governmental agencies whose boundaries are affected by the Resolution; and
- c. File a certified copy of this Resolution with the Clerk of the Board of Supervisors of the Yolo County; and
- d. Request the Yolo County Surveyor to prepare the official legal description of the Annexation Area, if necessary, to be filed with the Clerk of the Commission; and
- e. Request that the Cities and Yolo County call an election as provided by law.

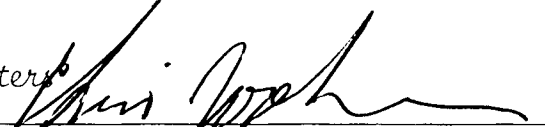
On a motion by Commissioner Sophia Scherman, seconded by Commissioner Elliot Mulberg, the foregoing Resolution was passed and adopted by the SACRAMENTO LOCAL AGENCY FORMATION COMMISSION, State of California, this 20th day of April, 2006, by the following vote to-wit:

AYES: Commissioners: E. Mulberg, C. Rose, K. McCarty, R. MacGlashan, S. Scherman, C. Tooker.

ABSTAIN: None.

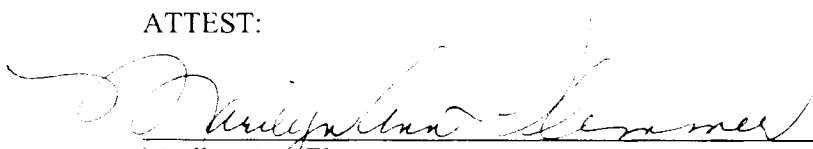
ABSENT: (I. Collin)

NOES: Commissioner S. Peters



Christopher Tooker, Chair
SACRAMENTO LOCAL AGENCY FORMATION
COMMISSION

ATTEST:



Marilyn Ann Flemmer
Commission Clerk

EXHIBIT A

LEGAL DESCRIPTION OF AFFECTED TERRITORY

Legal Description of Proposed Annexation Territory

The boundary description for the proposed annexation territory below refers to reference points on attached drawings labeled Attachment C: Boundary Maps A – K. The boundary maps have numbered points to identify end of sections, parcel boundary corners, and turn points.

Northern Boundary – From Western to Eastern Points

The first reference point is located in the intersection between Road 18 and I-5 (Reference: Point 1) and is the north-west corner of the boundary. It then continues north-east along Road 18 for about 0.22 miles, then east for about 1 mile and north for about 0.4 miles until Cache Creek. It then continues south-east along Cache Creek for about 0.5 miles (Reference: Points 2 - 8). The boundary continues north for about 0.3 miles, west for about 0.1 miles and back north for about 0.1 miles until Road 17a (Reference: Points 9 - 11) and east for another 0.2 miles until Road 100 (Reference: Point 12). It then goes north for about 0.5 miles and then east for about 0.6 miles (Reference: Points 13 - 14). Then it continues north-east for another 0.6 miles until Road 101 (Reference: Points 15 - 19) and south 0.3 miles and east for about 1 mile until Road 102 (Reference: Points 20 - 22). It then continues north for about 0.3 miles and east for about 1 mile (Reference: Points 23 - 24). Then it goes north for almost 0.5 miles and east 1.7 miles along Road 16 until Road 116b (Reference: Points 25 - 28). It then goes along the Old River in a type of "U" shape direction (Reference: Points 28 - 29) and then heads east for less than 0.5 miles. The boundary continues in direction north-west for about 0.5 miles until it reaches Old River (Reference: Points 30 - 34). It then goes along the Old River until the Sacramento River (Reference: Points 35 - 39).

Eastern Boundary – From Northern to Southern Points:

From the centerline of the Sacramento River (Reference: Point 39), the boundary follows the Sacramento River in south/south-east direction for about 21.4 miles (measured as a straight line, or 30.3 miles measured along the river) until Babel Slough Rd. (Reference: Points 40 - 48).

Southern Boundary – From Eastern to Western Points:

The boundary goes south-west along the centerline of Babel Slough River for about 1.1 miles (measured along the river, Reference: Points 49 - 50) and then it goes west until 0.4 miles west side of the Deep Water Channel for about 1.5 miles (Reference: Points 51 - 55). It continues north for about 3 miles – parallel and about 0.287 miles west of the Deep Water Channel centerline (Reference: Points 56 - 65). It then goes west for about 2.3 miles (Reference: Points 66 - 67), north for about 0.5 miles, then west for 0.4 miles and south for 0.5 miles (Reference: Points 68 - 72). It then goes basically west/south-west for about 3.4 miles until the Yolo-Solano border (Reference: Points 73 - 78). It then follows the Yolo-Solano border for about 0.9 miles in north-west direction until Putah Creek (Reference: Point 79). It then goes along the centerline of Putah Creek until just north-west of the intersection between Arboretum Dr and Solano Park Dr

(Reference: Points 80 - 82), then heading north-west until 1st St, then south-west along 1st St and then north-west along A St, until Russell Blvd. (Reference: Points 83 - 85). It then goes along Russell Blvd for about 2.6 miles in west direction (Reference: Points 86 - 95). It then goes south for about 0.3 miles, west for about 0.4 miles and north again for another 0.3 miles back to Russell Blvd (Reference: Points 96 - 98). It then continues west along Russell Blvd for about 0.5 miles and then south for about 1.5 miles along Road 98, until Putah Creek (Reference: Points 99 - 100). It then goes along the Putah Creek for about 2.1 miles in north-west direction (Reference point 101) and then north for about 0.7 miles (Reference: points 102 to 104) and then west for about 0.2 miles along Russell Boulevard (Reference: Point 105. It then goes north for about 0.5 miles (Reference: point 106) and then north-west for about 0.35 miles until it reaches County Road 95 (Reference points 107 - 116).

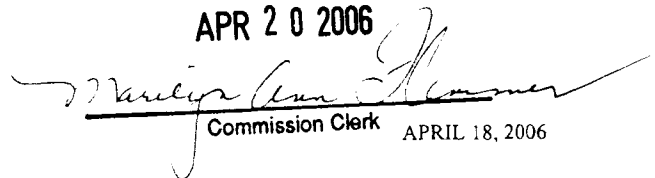
Western Boundary – From Southern to Northern Points:

The boundary starts at the intersection of County Road 95 and Russell Boulevard (Reference: Point 116). From this point the boundary goes north for about 0.35 miles (Reference: 117), and east for about 0.5 miles (Reference: Point 118). It then goes north for about 0.35 miles, west for about 0.05 miles, north for about 0.15 miles and east for about 0.05 miles (Reference: Points 119 - 123). It continues north for about 0.5 mile (Reference: Point 124) and then borders the western side of the airport (0.3 miles to the west 0.6 miles to the north, 0.05 miles to the east, 0.2 miles to the north, 0.05 miles to the west, 0.7 miles to the north and 0.3 miles back to the east) (Reference: Points 125 -131) and then 1.5 miles until half a mile south of Road 27 (Reference: Points 132 - 134). It then heads east for about 1.5 miles and then north for 0.5 miles until Road 27 (Reference: Points 135 - 137). It then goes east for about 0.067 miles, then north for about 0.5 miles, east for about 0.3 miles, back north for about 0.5 miles and back west for about 0.6 miles until Road 97 (Reference: Points 138 - 143). It then continues north for about 0.5 miles along Road 97, then west along Road 25A for about 0.1 miles, north for about 0.1 miles and east for about 0.1 miles each until it reaches Road 97 again (Reference: Points 144 - 147). It then goes north for about 0.3 miles along Road 97 and then 0.5 miles to the east, 0.7 miles to the north, 0.1 miles to the west, 0.75 to the north, 0.12 miles to the east, 0.25 miles to the north, 0.25 miles to the west, and 0.5 miles to the north until it reaches Road 22 (Reference: Points 148 - 163). It then goes 0.2 miles to the east along Road 22, then north for a little less than 0.1 miles and 0.05 miles to the east, and then north for about 1.2 miles (Reference: Points 164 - 171). It then goes a little over 0.1 miles to the east and about 0.15 miles to the north and about 0.35 miles to the east until Road 98 (Reference: Points 172 - 176). It then goes north for about 1.3 miles and 0.2 miles to the north-east until it reaches reference point No. 1 (Reference: Points 177 - 180 - 1).

Note: The legal description is being reviewed by a licensed surveyor. The surveyor is preparing a metes and bounds description consistent with the map and information provided by SMUD in its application.

APPROVED
SACRAMENTO LOCAL AGENCY
FORMATION COMMISSION

APR 20 2006


Commission Clerk

APRIL 18, 2006

R E V I S E D

(May 25, 2006)

EXHIBIT A

- DESCRIPTION OF S.M.U.D. SERVICE AREA YOLO COUNTY ANNEXATION

BEGINNING at the centerline-centerline intersection of Russell Boulevard and "A" Street, in the City of Davis, County of Yolo, California, thence along the following (601) courses and distances:

- T1 thence North 89°38'51" West a distance of 874.02 feet;
- T2 thence South 89°41'47" West a distance of 566.51 feet;
- T3 thence North 89°09'39" West a distance of 1084.11 feet;
- T4 thence South 89°42'00" West a distance of 621.01 feet;
- T5 thence North 87°57'59" West a distance of 866.55 feet;
- T6 thence North 89°44'54" West a distance of 1564.52 feet;
- T7 thence North 89°22'11" West a distance of 657.30 feet;
- T8 thence North 89°23'34" West a distance of 1593.83 feet;
- T9 thence North 88°51'08" West a distance of 1909.38 feet;
- T10 thence North 88°58'30" West a distance of 3872.85 feet;
- T11 thence South 00°05'18" East a distance of 1450.27 feet;
- T12 thence North 89°16'29" West a distance of 2247.26 feet;
- T13 thence North 00°20'36" West a distance of 1448.01 feet,
to the centerline-centerline intersection of Road 32 and Road 98,
in the unincorporated area of said County of Yolo;
- T14 thence North 89°52'36" West a distance of 2634.80 feet;
- T15 thence South 00°23'58" East a distance of 7675.34 feet;
- T16 thence North 83°59'09" West a distance of 376.75 feet;
- T17 thence North 68°22'37" West a distance of 893.28 feet;
- T18 thence North 72°05'33" West a distance of 936.93 feet;
- T19 thence North 72°39'07" West a distance of 617.64 feet;
- T20 thence North 72°50'41" West a distance of 1317.17 feet;
- T21 thence North 89°15'09" West a distance of 601.37 feet;
- T22 thence North 87°13'41" West a distance of 473.06 feet;
- T23 thence North 80°11'53" West a distance of 396.08 feet;
- T24 thence North 46°41'13" West a distance of 243.34 feet;
- T25 thence North 78°50'04" West a distance of 431.12 feet;
- T26 thence North 53°00'38" West a distance of 269.16 feet;
- T27 thence North 70°31'57" West a distance of 212.50 feet;
- T28 thence North 57°05'09" West a distance of 132.99 feet;
- T29 thence North 59°42'19" West a distance of 531.39 feet;
- T30 thence North 53°45'21" West a distance of 717.26 feet;
- T31 thence North 65°22'08" West a distance of 2787.63 feet;
- T32 thence North 10°49'07" West a distance of 1431.07 feet;
- T33 thence North 00°46'30" West a distance of 1517.82 feet;
- T34 thence North 00°46'26" West a distance of 970.19 feet;
- T35 thence South 89°52'15" West a distance of 1071.15 feet;

T36 thence North 00°35'09" East a distance of 519.28 feet;
T37 thence South 89°26'37" West a distance of 206.98 feet;
T38 thence North 53°36'56" West a distance of 142.27 feet;
T39 thence North 90°00'00" West a distance of 249.17 feet;
T40 thence South 73°14'39" West a distance of 195.16 feet;
T41 thence South 88°37'26" West a distance of 354.34 feet;
T42 thence North 23°22'01" West a distance of 290.94 feet;
T43 thence North 40°54'50" West a distance of 117.16 feet;
T44 thence North 63°54'14" West a distance of 161.02 feet;
T45 thence South 80°32'15" West a distance of 197.46 feet;
T46 thence South 65°43'33" West a distance of 165.10 feet;
T47 thence North 00°33'59" West a distance of 1844.45 feet;
T48 thence South 89°59'29" East a distance of 2609.34 feet;
T49 thence North 00°07'42" West a distance of 1831.32 feet;
T50 thence South 71°33'54" West a distance of 106.85 feet;
T51 thence North 68°44'55" West a distance of 198.72 feet;
T52 thence North 00°15'48" East a distance of 802.78 feet;
T53 thence North 89°53'24" East a distance of 282.69 feet;
T54 thence North 00°14'19" East a distance of 2376.16 feet;
T55 thence North 89°35'05" West a distance of 1583.99 feet;
T56 thence North 00°06'20" West a distance of 2923.74 feet;
T57 thence North 90°00'00" East a distance of 355.82 feet;
T58 thence North 00°17'19" East a distance of 1271.38 feet;
T59 thence South 89°43'42" West a distance of 337.86 feet;
T60 thence North 00°05'22" West a distance of 3992.04 feet;
T61 thence North 89°58'10" East a distance of 1635.05 feet;
T62 thence North 00°04'00" East a distance of 2660.63 feet;
T63 thence North 00°34'12" East a distance of 2638.86 feet;
T64 thence North 00°17'02" West a distance of 2650.96 feet;
T65 thence North 89°45'06" East a distance of 2623.43 feet;
T66 thence North 84°48'20" East a distance of 69.75 feet;
T67 thence South 89°35'23" East a distance of 5229.86 feet;
T68 thence North 00°22'12" East a distance of 2661.75 feet;
T69 thence North 90°00'00" East a distance of 434.71 feet;
T70 thence North 00°33'37" East a distance of 2563.17 feet;
T71 thence North 87°02'58" East a distance of 1567.86 feet;
T72 thence South 89°21'03" East a distance of 694.27 feet;
T73 thence North 00°03'04" West a distance of 2643.00 feet;
T74 thence North 89°41'26" West a distance of 2766.52 feet;
T75 thence North 00°51'20" East a distance of 2612.84 feet,
to the centerline-centerline intersection of Road 25A
and Road 97, in the unincorporated area of said County of Yolo;
T76 thence North 89°08'51" West a distance of 624.90 feet;
T77 thence North 00°44'03" East a distance of 562.28 feet;
T78 thence South 89°27'13" East a distance of 617.34 feet;
T79 thence North 00°01'55" West a distance of 938.13 feet;

T80 thence South 89°36'18" East a distance of 1299.46 feet;
T81 thence South 88°50'59" East a distance of 1328.73 feet;
T82 thence North 01°02'05" East a distance of 1133.78 feet;
T83 thence North 01°13'24" East a distance of 651.37 feet;
T84 thence North 00°34'19" West a distance of 1986.15 feet;
T85 thence North 89°52'30" West a distance of 632.50 feet;
T86 thence North 00°06'08" East a distance of 2668.34 feet;
T87 thence North 01°55'44" East a distance of 50.02 feet;
T88 thence North 00°35'29" East a distance of 1312.47 feet;
T89 thence South 89°23'35" East a distance of 652.29 feet;
T90 thence North 00°35'03" East a distance of 1300.23 feet;
T91 thence North 89°57'20" West a distance of 649.76 feet;
T92 thence North 89°57'16" West a distance of 634.00 feet;
T93 thence North 00°28'40" West a distance of 2123.32 feet;
T94 thence North 00°12'06" East a distance of 539.91 feet;
T95 thence South 89°57'33" East a distance of 1110.49 feet;
T96 thence North 00°33'50" West a distance of 419.58 feet;
T97 thence North 89°15'50" East a distance of 216.39 feet;
T98 thence North 00°03'05" East a distance of 2232.80 feet;
T99 thence North 00°08'38" East a distance of 1295.32 feet;
T100 thence North 00°19'01" East a distance of 1324.67 feet;
T101 thence North 12°29'39" West a distance of 61.61 feet;
T102 thence North 00°51'15" West a distance of 1614.61 feet;
T103 thence South 89°53'00" East a distance of 708.76 feet;
T104 thence North 01°00'18" East a distance of 876.60 feet;
T105 thence South 89°20'38" East a distance of 64.50 feet;
T106 thence North 02°23'09" West a distance of 72.06 feet;
T107 thence South 89°26'57" East a distance of 1893.74 feet;
T108 thence North 00°46'36" West a distance of 2676.23 feet;
T109 thence North 00°08'42" East a distance of 3406.69 feet;
T110 thence North 14°34'48" East a distance of 192.38 feet;
T111 thence North 24°48'23" East a distance of 345.65 feet;
T112 thence North 38°38'22" East a distance of 583.70 feet;
T113 thence North 38°35'47" East a distance of 652.96 feet;
T114 thence North 39°07'57" East a distance of 218.51 feet;
T115 thence North 54°26'18" East a distance of 347.52 feet;
T116 thence South 89°29'14" East a distance of 1255.39 feet;
T117 thence South 89°48'43" East a distance of 3810.68 feet;
T118 thence North 00°02'07" East a distance of 2212.56 feet;
T119 thence South 85°32'42" East a distance of 370.50 feet;
T120 thence North 89°47'09" East a distance of 674.74 feet;
T121 thence South 73°01'01" East a distance of 440.59 feet;
T122 thence South 74°32'27" East a distance of 440.82 feet;
T123 thence South 43°40'14" East a distance of 194.10 feet;
T124 thence South 44°22'02" East a distance of 653.16 feet;
T125 thence South 50°49'48" East a distance of 507.25 feet;

T126 thence South 43°58'42" East a distance of 643.55 feet;
 T127 thence North 00°50'18" East a distance of 1357.54 feet;
 T128 thence North 89°23'13" West a distance of 462.84 feet;
 T129 thence North 00°24'53" East a distance of 650.00 feet;
 T130 thence South 89°44'33" East a distance of 1283.15 feet,
 to the centerline-centerline intersection of Road 17A
 and State Highway 113, in the unincorporated area of said County of Yolo;
 T131 thence North 00°01'04" West a distance of 2638.13 feet;
 T132 thence South 88°45'35" East a distance of 2974.60 feet;
 T133 thence North 05°22'43" East a distance of 1282.82 feet;
 T134 thence North 82°09'13" East a distance of 364.85 feet;
 T135 thence North 15°30'02" East a distance of 1083.35 feet;
 T136 thence North 55°11'33" East a distance of 373.52 feet;
 T137 thence North 86°06'23" East a distance of 863.63 feet;
 T138 thence South 00°09'16" West a distance of 834.96 feet;
 T139 thence South 00°04'18" West a distance of 398.50 feet;
 T140 thence South 21°20'18" West a distance of 243.95 feet;
 T141 thence South 88°41'02" East a distance of 5310.35 feet;
 T142 thence North 01°04'01" East a distance of 1393.20 feet;
 T143 thence North 89°55'15" East a distance of 5334.62 feet;
 T144 thence North 00°22'00" West a distance of 2528.16 feet;
 T145 thence South 89°59'02" East a distance of 4585.86 feet;
 T146 thence North 03°00'50" West a distance of 105.68 feet;
 T147 thence South 89°38'23" East a distance of 626.31 feet;
 T148 thence South 04°17'25" West a distance of 118.65 feet;
 T149 thence South 89°28'36" East a distance of 4374.51 feet;
 T150 thence South 12°28'16" East a distance of 316.33 feet;
 T151 thence South 18°19'37" East a distance of 510.06 feet;
 T152 thence South 30°47'34" East a distance of 521.75 feet;
 T153 thence South 36°25'27" East a distance of 815.84 feet;
 T154 thence South 70°42'32" East a distance of 191.86 feet;
 T155 thence North 63°54'45" East a distance of 523.09 feet;
 T156 thence North 50°43'30" East a distance of 405.89 feet;
 T157 thence North 33°12'34" East a distance of 507.36 feet;
 T158 thence North 19°59'39" East a distance of 466.66 feet;
 T159 thence North 14°17'15" East a distance of 370.01 feet;
 T160 thence North 10°28'15" East a distance of 222.52 feet;
 T161 thence North 89°54'25" East a distance of 1230.81 feet;
 T162 thence South 89°03'22" East a distance of 1043.03 feet;
 T163 thence North 10°08'11" West a distance of 156.25 feet;
 T164 thence North 26°42'02" West a distance of 2230.57 feet;
 T165 thence North 01°48'10" West a distance of 582.12 feet;
 T166 thence South 74°55'12" East a distance of 775.79 feet;
 T167 thence South 71°12'54" East a distance of 421.82 feet;
 T168 thence South 81°03'31" East a distance of 298.22 feet;
 T169 thence North 69°08'50" East a distance of 147.36 feet;

T170 thence North 06°18'16" East a distance of 774.00 feet;
T171 thence North 15°35'24" West a distance of 1105.16 feet;
T172 thence North 22°01'44" West a distance of 716.79 feet;
T173 thence North 44°32'29" West a distance of 313.54 feet;
T174 thence North 30°46'51" West a distance of 204.36 feet;
T175 thence North 46°07'19" West a distance of 583.10 feet;
T176 thence North 43°08'18" West a distance of 443.09 feet;
T177 thence North 41°18'44" West a distance of 295.31 feet;
T178 thence North 04°40'39" East a distance of 450.65 feet;
T179 thence North 10°00'30" East a distance of 281.94 feet;
T180 thence North 11°36'43" East a distance of 304.30 feet;
T181 thence North 27°27'07" East a distance of 354.29 feet;
T182 thence North 49°19'36" East a distance of 344.56 feet;
T183 thence North 67°45'09" East a distance of 194.11 feet;
T184 thence South 88°21'44" East a distance of 285.94 feet;
T185 thence South 72°01'48" East a distance of 317.66 feet;
T186 thence South 63°13'39" East a distance of 407.28 feet;
T187 thence South 43°01'56" East a distance of 346.73 feet;
T188 thence South 16°25'46" East a distance of 332.05 feet;
T189 thence South 00°00'00" West a distance of 461.40 feet;
T190 thence South 38°39'36" East a distance of 287.60 feet;
T191 thence South 59°27'07" East a distance of 289.22 feet;
T192 thence South 64°45'42" East a distance of 429.72 feet;
T193 thence South 82°51'32" East a distance of 431.29 feet;
T194 thence North 82°47'22" East a distance of 576.90 feet;
T195 thence North 70°29'39" East a distance of 1309.91 feet;
T196 thence North 69°06'39" East a distance of 669.09 feet;
T197 thence North 81°25'22" East a distance of 1055.46 feet;
T198 thence North 77°45'01" East a distance of 1397.61 feet;
T199 thence North 84°57'33" East a distance of 537.56 feet;
T200 thence North 31°49'05" East a distance of 507.83 feet;
T201 thence North 16°20'36" East a distance of 436.56 feet;
T202 thence North 08°21'09" East a distance of 380.37 feet;
T203 thence North 03°07'01" East a distance of 837.57 feet;
T204 thence North 06°40'01" East a distance of 732.55 feet;
T205 thence North 37°18'18" East a distance of 415.78 feet;
T206 thence North 52°49'03" East a distance of 505.90 feet;
T207 thence North 56°01'30" East a distance of 410.99 feet;
T208 thence North 24°37'27" East a distance of 391.21 feet;
T209 thence North 05°18'53" West a distance of 319.97 feet;
T210 thence North 40°21'53" West a distance of 194.48 feet;
T211 thence North 52°31'25" West a distance of 280.09 feet;
T212 thence North 53°44'45" West a distance of 275.64 feet;
T213 thence North 42°03'50" West a distance of 469.16 feet;
T214 thence North 16°12'34" East a distance of 417.84 feet;
T215 thence North 37°35'57" East a distance of 430.27 feet;

T216 thence North 66°15'44" East a distance of 974.38 feet;
T217 thence North 83°39'03" East a distance of 721.82 feet;
T218 thence South 69°21'29" East a distance of 1003.46 feet;
T219 thence South 63°04'43" East a distance of 835.66 feet;
T220 thence South 67°13'35" East a distance of 766.08 feet;
T221 thence South 75°44'47" East a distance of 1356.22 feet;
T222 thence South 75°23'41" East a distance of 1087.25 feet;
T223 thence South 60°26'45" East a distance of 769.02 feet;
T224 thence South 46°08'50" East a distance of 842.37 feet;
T225 thence South 37°49'50" East a distance of 959.99 feet;
T226 thence South 36°45'31" East a distance of 357.69 feet;
T227 thence South 30°33'03" East a distance of 1203.51 feet;
T228 thence South 26°07'17" East a distance of 2328.48 feet;
T229 thence South 22°04'14" East a distance of 1010.00 feet;
T230 thence South 16°13'35" East a distance of 542.65 feet;
T231 thence South 04°18'35" East a distance of 787.57 feet;
T232 thence South 02°24'32" West a distance of 882.15 feet;
T233 thence South 07°11'27" West a distance of 1211.27 feet;
T234 thence South 11°51'23" West a distance of 843.10 feet;
T235 thence South 23°54'50" West a distance of 1827.03 feet;
T236 thence South 32°06'18" West a distance of 1827.21 feet;
T237 thence South 22°27'39" West a distance of 914.47 feet;
T238 thence South 14°47'46" West a distance of 1037.30 feet;
T239 thence South 18°34'44" West a distance of 1139.17 feet;
T240 thence South 10°24'45" West a distance of 665.26 feet;
T241 thence South 08°16'53" West a distance of 1141.72 feet;
T242 thence South 04°46'17" West a distance of 2534.74 feet;
T243 thence South 02°14'51" West a distance of 1254.30 feet;
T244 thence South 08°47'55" West a distance of 401.90 feet;
T245 thence South 22°24'43" West a distance of 401.90 feet;
T246 thence South 29°22'40" West a distance of 1247.36 feet;
T247 thence South 37°24'43" West a distance of 2051.82 feet;
T248 thence South 43°29'17" West a distance of 1915.16 feet;
T249 thence South 46°53'20" West a distance of 2307.27 feet;
T250 thence South 50°23'16" West a distance of 1901.33 feet;
T251 thence South 46°11'39" West a distance of 1049.45 feet;
T252 thence South 31°11'58" West a distance of 812.25 feet;
T253 thence South 19°37'44" West a distance of 1010.67 feet;
T254 thence South 11°19'22" West a distance of 1001.93 feet;
T255 thence South 07°40'35" East a distance of 1915.93 feet;
T256 thence South 14°34'45" East a distance of 442.80 feet;
T257 thence South 13°25'33" East a distance of 1086.18 feet;
T258 thence South 19°29'09" East a distance of 682.40 feet;
T259 thence South 28°25'06" East a distance of 920.29 feet;
T260 thence South 37°25'24" East a distance of 1472.84 feet;
T261 thence South 40°13'18" East a distance of 321.96 feet;

T262 thence South 43°40'56" East a distance of 1008.86 feet;
T263 thence South 48°20'46" East a distance of 1877.16 feet;
T264 thence South 52°02'28" East a distance of 1633.19 feet;
T265 thence South 46°37'19" East a distance of 1382.65 feet;
T266 thence South 44°56'01" East a distance of 1429.10 feet;
T267 thence South 36°26'12" East a distance of 1350.30 feet;
T268 thence South 28°46'29" East a distance of 1086.50 feet;
T269 thence South 31°57'17" East a distance of 1752.52 feet;
T270 thence South 25°54'35" East a distance of 1105.17 feet;
T271 thence South 38°43'53" East a distance of 722.79 feet;
T272 thence South 47°50'20" East a distance of 1315.12 feet;
T273 thence South 71°18'41" East a distance of 641.45 feet;
T274 thence South 89°45'17" East a distance of 492.41 feet;
T275 thence North 69°06'52" East a distance of 703.56 feet;
T276 thence North 58°25'38" East a distance of 859.38 feet;
T277 thence North 53°27'57" East a distance of 1031.75 feet;
T278 thence North 51°26'39" East a distance of 956.95 feet;
T279 thence North 52°43'00" East a distance of 673.27 feet;
T280 thence North 77°48'39" East a distance of 543.15 feet;
T281 thence South 72°32'18" East a distance of 854.58 feet;
T282 thence South 59°28'02" East a distance of 1143.39 feet;
T283 thence South 44°08'20" East a distance of 738.23 feet;
T284 thence South 25°08'20" East a distance of 475.88 feet;
T285 thence South 23°00'26" East a distance of 997.43 feet;
T286 thence South 10°21'15" East a distance of 2440.41 feet;
T287 thence South 05°55'26" East a distance of 1804.93 feet;
T288 thence South 04°14'05" East a distance of 1664.58 feet;
T289 thence South 05°03'41" East a distance of 1080.09 feet;
T290 thence South 01°07'42" East a distance of 1105.03 feet;
T291 thence South 04°32'59" East a distance of 1277.48 feet;
T292 thence South 11°29'05" East a distance of 933.80 feet;
T293 thence South 18°38'12" East a distance of 1467.93 feet;
T294 thence South 31°20'22" East a distance of 1849.17 feet;
T295 thence South 39°15'19" East a distance of 1039.21 feet;
T296 thence South 37°18'49" East a distance of 1257.16 feet;
T297 thence South 48°31'35" East a distance of 1063.93 feet;
T298 thence South 66°44'12" East a distance of 499.59 feet;
T299 thence South 82°30'52" East a distance of 557.45 feet;
T300 thence North 62°32'49" East a distance of 344.38 feet;
T301 thence North 44°29'06" East a distance of 775.33 feet;
T302 thence North 40°36'13" East a distance of 948.16 feet;
T303 thence North 55°17'27" East a distance of 876.47 feet;
T304 thence North 66°38'26" East a distance of 1322.15 feet;
T305 thence North 84°29'35" East a distance of 1236.30 feet;
T306 thence South 85°45'29" East a distance of 1543.00 feet;
T307 thence South 79°43'04" East a distance of 1143.47 feet;

T308 thence South 69°55'43" East a distance of 1136.78 feet;
 T309 thence South 56°33'24" East a distance of 1278.61 feet;
 T310 thence South 38°02'30" East a distance of 856.71 feet;
 T311 thence South 28°10'28" East a distance of 523.69 feet;
 T312 thence South 13°58'39" East a distance of 1442.16 feet;
 T313 thence South 15°05'36" East a distance of 1399.66 feet;
 T314 thence South 05°25'44" East a distance of 898.00 feet;
 T315 thence South 07°45'48" West a distance of 1252.31 feet;
 T316 thence South 14°22'57" West a distance of 1240.14 feet;
 T317 thence South 21°49'35" West a distance of 1497.39 feet;
 T318 thence South 34°48'36" West a distance of 1333.34 feet;
 T319 thence South 43°47'43" West a distance of 1251.02 feet;
 T320 thence South 41°48'04" West a distance of 1615.39 feet;
 T321 thence South 27°57'11" West a distance of 971.79 feet;
 T322 thence South 06°43'56" East a distance of 697.72 feet;
 T323 thence South 35°47'05" East a distance of 1123.00 feet;
 T324 thence South 34°03'48" East a distance of 1479.72 feet;
 T325 thence South 15°25'04" East a distance of 3233.97 feet;
 T326 thence South 16°35'22" East a distance of 1669.62 feet;
 T327 thence South 07°58'53" West a distance of 793.65 feet;
 T328 thence South 27°14'28" West a distance of 1398.76 feet;
 T329 thence South 45°38'28" West a distance of 2249.43 feet;
 T330 thence South 61°43'42" West a distance of 1270.64 feet;
 T331 thence South 64°32'27" West a distance of 1949.58 feet;
 T332 thence South 39°46'57" West a distance of 513.16 feet;
 T333 thence South 07°13'49" West a distance of 552.98 feet;
 T334 thence South 19°57'25" East a distance of 584.88 feet;
 T335 thence South 40°45'20" East a distance of 2641.50 feet;
 T336 thence South 06°15'31" West a distance of 777.74 feet;
 T337 thence South 49°41'16" West a distance of 847.67 feet;
 T338 thence South 77°35'08" West a distance of 1806.70 feet;
 T339 thence South 86°05'46" West a distance of 1738.17 feet;
 T340 thence South 74°30'54" West a distance of 1972.94 feet;
 T341 thence South 70°31'42" West a distance of 1688.42 feet;
 T342 thence South 52°10'45" West a distance of 578.06 feet;
 T343 thence South 28°17'52" West a distance of 1382.38 feet,
 from which the centerline-centerline intersection of Road 34A
 and South River Road bears South 82°27'45" West,
 500 feet, in the City of West Sacramento, California;
 T344 thence South 21°07'13" West a distance of 1872.64 feet;
 T345 thence South 17°12'11" West a distance of 1002.15 feet;
 T346 thence South 07°50'20" West a distance of 782.77 feet;
 T347 thence South 05°38'02" East a distance of 980.20 feet;
 T348 thence South 23°21'32" East a distance of 995.10 feet;
 T349 thence South 31°23'41" East a distance of 1338.73 feet;
 T350 thence South 29°56'07" East a distance of 2473.06 feet;

T351 thence South 31°09'59" East a distance of 2357.36 feet;
T352 thence North 90°00'00" West a distance of 846.68 feet;
T353 thence South 44°13'35" West a distance of 94.07 feet;
T354 thence South 77°18'34" West a distance of 241.39 feet;
T355 thence South 72°53'01" West a distance of 156.56 feet;
T356 thence South 84°28'20" West a distance of 138.19 feet;
T357 thence North 84°28'20" West a distance of 138.19 feet;
T358 thence North 71°00'13" West a distance of 286.24 feet;
T359 thence South 85°54'54" West a distance of 62.27 feet;
T360 thence South 49°53'57" West a distance of 110.21 feet;
T361 thence South 30°57'52" West a distance of 129.35 feet;
T362 thence South 16°30'15" West a distance of 124.94 feet;
T363 thence South 03°29'21" West a distance of 364.50 feet;
T364 thence South 13°25'52" West a distance of 611.26 feet;
T365 thence South 20°33'21" West a distance of 265.36 feet;
T366 thence South 26°34'02" West a distance of 89.29 feet;
T367 thence South 41°11'06" West a distance of 94.33 feet;
T368 thence South 54°41'20" West a distance of 130.49 feet;
T369 thence South 65°46'22" West a distance of 97.31 feet;
T370 thence South 81°34'24" West a distance of 121.10 feet;
T371 thence North 83°39'39" West a distance of 80.35 feet;
T372 thence North 74°24'26" West a distance of 198.08 feet;
T373 thence North 84°28'20" West a distance of 138.19 feet;
T374 thence North 75°57'52" West a distance of 201.23 feet;
T375 thence South 85°45'51" West a distance of 120.12 feet;
T376 thence South 66°11'39" West a distance of 164.88 feet;
T377 thence South 52°18'20" West a distance of 123.36 feet;
T378 thence South 63°26'07" West a distance of 109.13 feet;
T379 thence South 45°00'00" West a distance of 175.69 feet;
T380 thence South 56°18'34" West a distance of 191.96 feet;
T381 thence South 40°06'11" West a distance of 110.21 feet;
T382 thence South 46°50'45" West a distance of 97.31 feet;
T383 thence South 34°13'01" West a distance of 134.14 feet;
T384 thence South 24°37'24" West a distance of 351.41 feet;
T385 thence South 07°52'25" West a distance of 54.47 feet;
T386 thence North 89°35'20" West a distance of 2687.06 feet;
T387 thence North 00°00'00" East a distance of 88.38 feet;
T388 thence North 89°28'08" West a distance of 3414.08 feet;
T389 thence North 00°39'45" West a distance of 259.36 feet;
T390 thence South 84°21'29" West a distance of 1515.09 feet;
T391 thence North 02°53'52" West a distance of 153.29 feet;
T392 thence North 26°55'48" East a distance of 302.02 feet;
T393 thence North 02°46'25" West a distance of 4527.27 feet;
T394 thence North 00°34'02" West a distance of 3975.21 feet;
T395 thence North 01°02'26" West a distance of 2524.16 feet;
T396 thence North 00°19'36" West a distance of 3992.41 feet;

T397 thence South 85°17'21" West a distance of 50.17 feet;
 T398 thence North 03°09'16" West a distance of 154.49 feet;
 T399 thence North 77°28'15" East a distance of 59.93 feet;
 T400 thence North 00°07'04" West a distance of 5115.05 feet;
 T401 thence North 89°01'16" West a distance of 8908.44 feet;
 T402 thence North 88°15'44" West a distance of 3192.02 feet;
 T403 thence North 00°17'34" East a distance of 2565.79 feet;
 T404 thence North 89°19'05" West a distance of 2137.76 feet;
 T405 thence South 00°03'49" East a distance of 2571.46 feet;
 T406 thence South 87°08'29" West a distance of 34.88 feet;
 T407 thence South 12°31'44" East a distance of 16.06 feet;
 T408 thence North 89°26'50" West a distance of 5394.87 feet;
 T409 thence North 89°48'46" West a distance of 7880.88 feet;
 T410 thence South 00°15'22" West a distance of 1278.07 feet;
 T411 thence North 89°47'58" West a distance of 2620.81 feet;
 T412 thence South 33°11'33" West a distance of 136.31 feet;
 T413 thence North 89°55'08" West a distance of 1673.06 feet, to intersect the Yolo – Solano County line;

The following one hundred eighty four (184) courses are coincident with said Yolo – Solano County line;

T414 thence North 30°57'48" West a distance of 16.69 feet;
 T415 thence North 26°43'45" West a distance of 122.22 feet;
 T416 thence North 43°55'06" West a distance of 122.65 feet;
 T417 thence North 59°25'12" West a distance of 83.62 feet;
 T418 thence North 58°34'11" West a distance of 69.03 feet;
 T419 thence North 43°57'28" West a distance of 127.28 feet;
 T420 thence North 31°19'42" West a distance of 88.11 feet;
 T421 thence North 27°20'58" West a distance of 106.84 feet;
 T422 thence North 39°48'18" West a distance of 51.11 feet;
 T423 thence North 67°09'56" West a distance of 67.46 feet;
 T424 thence North 50°11'38" West a distance of 51.11 feet;
 T425 thence North 00°00'01" East a distance of 58.90 feet;
 T426 thence North 03°34'34" West a distance of 52.46 feet;
 T427 thence North 07°07'29" West a distance of 52.76 feet;
 T428 thence North 09°27'43" West a distance of 79.62 feet;
 T429 thence North 22°37'10" West a distance of 85.08 feet;
 T430 thence North 53°58'19" West a distance of 44.51 feet;
 T431 thence North 74°44'39" West a distance of 74.62 feet;
 T432 thence North 89°59'57" West a distance of 62.17 feet;
 T433 thence North 86°37'58" West a distance of 111.45 feet;
 T434 thence North 59°32'01" West a distance of 64.54 feet;
 T435 thence North 00°00'01" East a distance of 62.17 feet;
 T436 thence North 03°16'13" West a distance of 114.71 feet;
 T437 thence North 00°00'01" East a distance of 78.53 feet;
 T438 thence North 07°35'40" West a distance of 49.52 feet;
 T439 thence North 01°41'37" East a distance of 17.14 feet;

T440 thence North 29°46'41" West a distance of 14.20 feet;
T441 thence North 53°47'21" West a distance of 31.16 feet;
T442 thence North 58°51'22" West a distance of 48.17 feet;
T443 thence North 37°40'10" West a distance of 49.87 feet;
T444 thence North 38°20'42" West a distance of 125.02 feet;
T445 thence North 35°32'14" West a distance of 62.94 feet;
T446 thence North 30°57'48" West a distance of 25.60 feet;
T447 thence North 43°15'49" West a distance of 34.16 feet;
T448 thence North 31°33'16" West a distance of 65.37 feet;
T449 thence North 49°05'06" West a distance of 45.39 feet;
T450 thence North 49°45'47" West a distance of 38.94 feet;
T451 thence North 48°00'44" West a distance of 30.76 feet;
T452 thence North 37°41'37" West a distance of 63.57 feet;
T453 thence North 40°54'50" West a distance of 45.39 feet;
T454 thence North 35°50'14" West a distance of 50.77 feet;
T455 thence North 37°41'37" West a distance of 63.57 feet;
T456 thence North 40°36'03" West a distance of 84.33 feet;
T457 thence North 37°41'37" West a distance of 63.57 feet;
T458 thence North 44°59'58" West a distance of 25.87 feet;
T459 thence North 44°59'58" West a distance of 25.87 feet;
T460 thence North 32°28'15" West a distance of 29.81 feet;
T461 thence North 30°57'48" West a distance of 26.67 feet;
T462 thence North 37°52'28" West a distance of 26.07 feet;
T463 thence North 43°15'49" West a distance of 53.38 feet;
T464 thence North 39°24'00" West a distance of 82.86 feet;
T465 thence North 35°05'44" West a distance of 150.28 feet;
T466 thence North 27°37'09" West a distance of 77.14 feet;
T467 thence North 45°49'44" West a distance of 82.33 feet;
T468 thence North 34°59'29" West a distance of 87.22 feet;
T469 thence North 39°48'18" West a distance of 111.62 feet;
T470 thence North 39°28'19" West a distance of 78.68 feet;
T471 thence North 38°39'33" West a distance of 45.75 feet;
T472 thence North 30°57'48" West a distance of 41.67 feet;
T473 thence North 64°05'51" West a distance of 44.96 feet;
T474 thence South 59°56'24" West a distance of 60.60 feet;
T475 thence North 89°10'39" West a distance of 47.90 feet;
T476 thence South 75°49'18" West a distance of 61.15 feet;
T477 thence South 84°48'23" West a distance of 39.46 feet;
T478 thence North 79°41'40" West a distance of 39.94 feet;
T479 thence North 76°45'31" West a distance of 62.40 feet;
T480 thence North 67°22'46" West a distance of 46.45 feet;
T481 thence North 56°18'33" West a distance of 51.53 feet;
T482 thence North 37°34'05" West a distance of 58.60 feet;
T483 thence North 25°00'59" West a distance of 59.14 feet;
T484 thence North 16°15'36" West a distance of 89.32 feet;
T485 thence North 20°33'21" West a distance of 61.05 feet;

T486 thence North 22°37'10" West a distance of 46.45 feet;
T487 thence North 18°26'05" West a distance of 67.79 feet;
T488 thence North 17°14'28" West a distance of 108.49 feet;
T489 thence North 12°31'43" West a distance of 32.94 feet;
T490 thence North 14°55'52" West a distance of 55.46 feet;
T491 thence North 28°18'01" West a distance of 52.75 feet;
T492 thence North 32°44'05" West a distance of 59.46 feet;
T493 thence North 63°26'03" West a distance of 55.92 feet;
T494 thence North 67°37'09" West a distance of 65.68 feet;
T495 thence North 36°23'02" West a distance of 84.32 feet;
T496 thence North 39°17'20" West a distance of 50.78 feet;
T497 thence North 64°47'53" West a distance of 67.13 feet;
T498 thence North 67°37'09" West a distance of 65.68 feet;
T499 thence North 71°33'51" West a distance of 79.09 feet;
T500 thence South 83°47'12" West a distance of 85.48 feet;
T501 thence South 82°59'58" West a distance of 89.13 feet;
T502 thence South 73°41'13" West a distance of 66.30 feet;
T503 thence South 67°31'16" West a distance of 48.71 feet;
T504 thence South 71°21'58" West a distance of 140.86 feet;
T505 thence South 66°48'07" West a distance of 35.46 feet;
T506 thence South 57°31'45" West a distance of 80.94 feet;
T507 thence South 72°58'49" West a distance of 159.06 feet;
T508 thence South 73°26'37" West a distance of 119.82 feet;
T509 thence South 72°48'08" West a distance of 68.23 feet;
T510 thence South 70°01'03" West a distance of 108.99 feet;
T511 thence South 59°38'33" West a distance of 125.90 feet;
T512 thence South 62°42'04" West a distance of 108.28 feet;
T513 thence South 65°40'30" West a distance of 124.33 feet;
T514 thence South 68°29'57" West a distance of 55.05 feet;
T515 thence South 63°26'08" West a distance of 104.11 feet;
T516 thence South 68°54'44" West a distance of 179.36 feet;
T517 thence South 62°29'31" West a distance of 112.29 feet;
T518 thence South 58°06'35" West a distance of 82.26 feet;
T519 thence South 39°48'21" West a distance of 96.97 feet;
T520 thence South 44°08'43" West a distance of 73.54 feet;
T521 thence South 46°54'34" West a distance of 131.76 feet;
T522 thence South 71°47'32" West a distance of 124.17 feet;
T523 thence South 84°43'03" West a distance of 183.02 feet;
T524 thence South 77°25'46" West a distance of 84.79 feet;
T525 thence South 71°06'52" West a distance of 77.91 feet;
T526 thence South 68°06'13" West a distance of 95.29 feet;
T527 thence South 61°04'43" West a distance of 119.38 feet;
T528 thence South 74°48'26" West a distance of 120.61 feet;
T529 thence South 80°01'46" West a distance of 101.83 feet;
T530 thence North 87°09'22" West a distance of 44.14 feet;
T531 thence South 86°25'23" West a distance of 30.13 feet;

T532 thence North 88°35'26" West a distance of 98.23 feet;
T533 thence South 85°10'16" West a distance of 93.74 feet;
T534 thence North 66°34'14" West a distance of 63.43 feet;
T535 thence North 34°06'50" West a distance of 72.64 feet;
T536 thence North 31°22'21" West a distance of 93.16 feet;
T537 thence North 60°45'01" West a distance of 111.17 feet;
T538 thence North 52°01'40" West a distance of 100.90 feet;
T539 thence North 53°21'55" West a distance of 94.29 feet;
T540 thence North 66°14'59" West a distance of 158.96 feet;
T541 thence North 80°06'19" West a distance of 169.36 feet;
T542 thence North 77°00'16" West a distance of 77.65 feet;
T543 thence North 73°10'26" West a distance of 65.67 feet;
T544 thence North 66°08'53" West a distance of 58.54 feet;
T545 thence North 77°44'04" West a distance of 45.66 feet;
T546 thence North 76°14'18" West a distance of 97.87 feet;
T547 thence North 85°54'49" West a distance of 81.69 feet;
T548 thence South 72°44'46" West a distance of 117.28 feet;
T549 thence South 80°38'26" West a distance of 144.33 feet;
T550 thence South 82°17'21" West a distance of 87.03 feet;
T551 thence South 75°15'26" West a distance of 91.08 feet;
T552 thence South 77°59'21" West a distance of 93.22 feet;
T553 thence South 74°40'45" West a distance of 146.84 feet;
T554 thence North 88°48'21" West a distance of 93.14 feet;
T555 thence South 82°52'33" West a distance of 31.28 feet;
T556 thence South 73°33'16" West a distance of 31.70 feet;
T557 thence North 78°26'25" West a distance of 102.19 feet;
T558 thence North 81°17'53" West a distance of 149.94 feet;
T559 thence North 87°05'45" West a distance of 86.28 feet;
T560 thence South 83°59'32" West a distance of 129.05 feet;
T561 thence North 85°10'53" West a distance of 100.53 feet;
T562 thence North 74°40'52" West a distance of 29.90 feet;
T563 thence North 74°40'50" West a distance of 4.33 feet;
T564 thence North 74°40'51" West a distance of 19.73 feet;
T565 thence North 84°21'11" West a distance of 148.97 feet;
T566 thence North 65°13'54" West a distance of 149.78 feet;
T567 thence North 58°03'31" West a distance of 110.69 feet;
T568 thence North 49°01'50" West a distance of 124.48 feet;
T569 thence North 44°23'00" West a distance of 89.88 feet;
T570 thence North 48°49'47" West a distance of 193.05 feet;
T571 thence North 65°13'27" West a distance of 51.60 feet;
T572 thence North 67°59'16" West a distance of 60.90 feet;
T573 thence North 67°18'19" West a distance of 71.62 feet;
T574 thence North 81°58'19" West a distance of 94.63 feet;
T575 thence North 88°20'49" West a distance of 124.99 feet;
T576 thence North 88°22'41" West a distance of 127.39 feet;
T577 thence South 74°28'36" West a distance of 67.33 feet;

T578 thence South 80°57'41" West a distance of 53.52 feet;
T579 thence South 78°51'08" West a distance of 114.83 feet;
T580 thence South 79°14'34" West a distance of 115.37 feet;
T581 thence South 82°59'03" West a distance of 74.23 feet;
T582 thence North 82°32'19" West a distance of 96.02 feet;
T583 thence North 79°18'10" West a distance of 103.81 feet;
T584 thence North 61°33'38" West a distance of 282.21 feet;
T585 thence North 60°53'02" West a distance of 25.42 feet;
T586 thence North 57°31'41" West a distance of 17.20 feet;
T587 thence North 58°33'36" East a distance of 23.86 feet;
T588 thence North 27°47'21" West a distance of 77.44 feet;
T589 thence North 09°30'51" West a distance of 159.62 feet;
T590 thence North 02°12'31" West a distance of 271.67 feet;
T591 thence North 15°01'36" West a distance of 188.27 feet;
T592 thence North 55°03'10" West a distance of 129.59 feet;
T593 thence North 83°51'46" West a distance of 432.14 feet;
T594 thence North 71°28'59" West a distance of 162.00 feet;
T595 thence North 83°39'02" West a distance of 250.99 feet;
T596 thence North 88°37'43" West a distance of 62.87 feet;
T597 thence South 87°07'07" West a distance of 162.45 feet;
T598 thence South 84°48'16" West a distance of 80.64 feet;
T599 thence leaving said Yolo – Solano County line
North 12°36'51" West a distance of 463.26 feet;
T600 thence South 75°49'56" West a distance of 636.85 feet;
T601 thence North 12°54'11" West a distance of 1972.68 feet;
to the **POINT OF BEGINNING**,

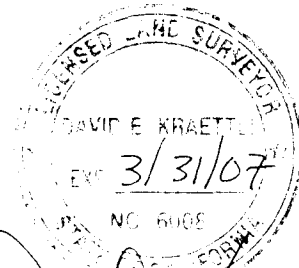
Total computed acreage containing 135915 acres, more or less.

END OF DESCRIPTION.

Exhibit "A-1", plat to accompany description, attached hereto and made a part hereof.

David E. Kraettli P.L.S. 6008
Expires March 31, 2007

PREPARED BY WOOD RODGERS, INC
SACRAMENTO, CALIFORNIA



David E. Kraettli

APPROVED
SACRAMENTO LOCAL AGENCY
FORMATION COMMISSION

APR 20 2006

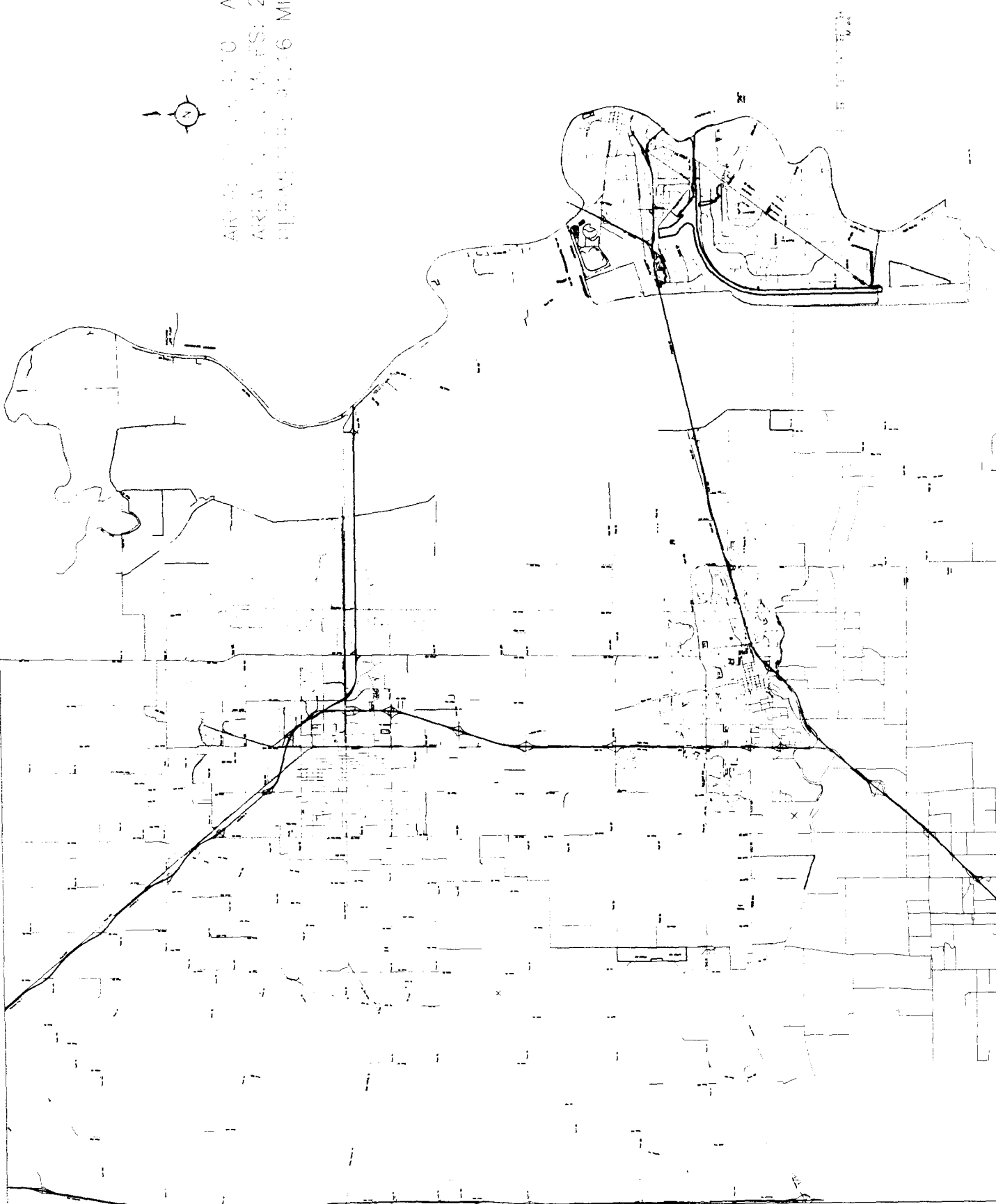
Marilyn Ann Summer
Commission Clerk

APPROVED
SACRAMENTO LOCAL AGENCY
FORMATION COMMISSION

APR 20 2006

Marilyn L. Hemmer
Commission Clerk

AREA: 100 ACRLS
AREA: 217.38
DEPT: 11.16 MILLS



SCALE: 1" = 100' (AS SHOWN)
DATE: 04/20/06
PROJECT: YOLO ANNEXATION PROJECT
DRAWING: 11.16 MILLS
SHEET: 1 OF 1
LAFECO APPLICATION

DRAWING / REVISIONS
JEM / NJB - DCI

YOLO ANNEXATION PROJECT

DCI

EXHIBIT C

FINDINGS AND CONDITIONS REGARDING SECTION 56668 FACTORS

1. The Commission has considered the general plan policies of the affected jurisdictions and the advisory SACOG Blueprint which predicts growth, population and population density, land use, topography, natural boundaries, drainage issues, proximity to other populated areas, the likelihood of significant growth in the area and in adjacent incorporated areas and unincorporated areas. The Cities and Yolo County have considered assessed valuation and the impacts of the project upon such valuations and have entered into Memoranda of Understanding and Property Tax Exchange Agreements to mitigate any such impacts. Further, Yolo County and SMUD have entered into a Revenue and Taxation Code 99 Agreement to mitigate potential revenue loss. The Cities and Yolo County support the Application. The County of Sacramento and the City of Sacramento and other affected public entities have commented on the application and the EIR during the public review process and do not object to the Proposal. The Executive Officer's Report provided to the Commission contains a discussion of the general population and growth projections for the Annexation Area.

2. The Commission has considered the need for community services and has reviewed the present cost of electric services to the Annexation Area, its adequacy and reliability including future needs and the probable effects of the annexation on the electric service needs. Specific findings regarding these factors are set forth in this Resolution. Alternatives to the Proposal were reviewed during the environmental review process and during the review process by the Cities, Yolo County and SMUD prior to submission of the Application. The Commission reviewed the SMUD Plan for Service in the Annexation Area and the comments of the affected public entities as well as the existing electric service provider.

3. The effect of the Proposal on adjacent areas including such areas' mutual social and economic interests was considered. Voters in the existing SMUD service area of Sacramento County and portions of Placer County will have the opportunity to vote on the matter. The Proposal is contingent upon an affirmative vote of a simple majority of such voters. Further as stated previously, the affected public agencies in Sacramento County have commented and do not oppose the Proposal. Affected cities in the Annexation Area and Yolo County are in support of the Proposal. A surcharge has been imposed as a term and condition of the Proposal which is designed to ensure that the costs of annexation are borne solely by the Cities and by Yolo County.

4. The Proposal is consistent with applicable plans and Commission policies and will not affect the planned orderly and efficient patterns of urban development according to the affected entities. The Proposal is not expected to lead to the conversion of existing open space or prime agricultural land except for minimal acreage necessary for the siting of the Woodland-Eleverta transmission line and the Willow Slough substation. Mitigation measures have been incorporated to mitigate any such effects consistent with Government Code 56377.

5. The Commission has considered the effect of the Proposal on maintaining the physical and economic integrity of agricultural lands as defined by Government Code 56016. As supported by the Executive Officer's Report and the Final EIR, the effects on agricultural land are minimal and measures have been adopted by the Commission during the Final EIR process to mitigate such impacts.

6. The Commission finds that the boundaries of the Annexation Area are definite and certain, do not split parcels and the boundaries are intended to avoid duplication of electrical services and/or the stranding of electrical facilities.

7. The Commission has considered the general plans of the affected Cities and Yolo County and based upon the supportive comments received from the affected public entities, finds the Proposal to be consistent with all applicable general plans.

8. The Commission has considered the Spheres of Influence for the Cities and Yolo County and finds based upon the supportive comments received from the affected public entities, finds that the Proposal does not conflict with any Sphere of Influence.

9. The Commission has considered the comments of all affected local agencies. The Commission finds that the affected local agencies, the Cities and Yolo County are in support of the Proposal. The Commission did not receive any objections to the Proposal from the public agencies in the existing service territory.

10. The Commission finds that SMUD has the ability to provide electric service to the Annexation Area and has submitted a plan for service that includes a mechanism for generating sufficient revenue to provide the most efficient delivery of electric service following the proposed Annexation. In making this finding the Commission has considered the comments of SMUD, PG&E, its affiliates, and others and relies upon the Commission's consultants and staff in determining that:

- a. The PG&E valuation methodology (Replacement Cost New Less Depreciation ("RCNLD")) is only one methodology of many that may be utilized by a court of competent jurisdiction. This finding is supported by both consultants retained by the Commission and by other comments received. The methodologies utilized by the Commission's consultants provide a range of valuations that are consistent with the valuation ranges submitted by SMUD in its Application.
- b. The Commission finds that the inventory (including transmission and distribution systems) and valuation of such inventory as well as the costs to acquire the PG&E system in the Annexation Area whether through settlement, CPUC process, or through a judicial proceeding is within the range submitted by SMUD in its Application. The Commission consultant, GES Engineers and Appraisers, provided an independent objective analysis of such valuation. GES reasonably determined that they could not support the RCNLD model and amount proposed by PG&E. GES provided an analysis that supported the range of valuation figures submitted by SMUD. Further, legal consultant, Davis Wright Tremaine, LLP, indicated RCNLD was only one method of analyzing valuation and was not the preferred method. Subsequent opinions proffered by PG&E and entities affiliated

with PG&E have been responded to by the Consultants and/or staff. It is not the purview of the Commission to value the cost of acquisition by SMUD of the PG&E electric system in the Annexation Area, but to determine whether SMUD has a reasonable plan for providing service and can provide such service at a reasonable cost. Such plans involve a degree of risk that is inherent in the forecasting models. The Commission finds that SMUD has provided a plan for services that is reasonable and sustainable. This finding is based upon the Commission consultants and staff analysis coupled with analysis provided by SMUD. Further, SMUD as a service provider has a history of successful annexations which demonstrate its ability to forecast and provide service as predicted. While PG&E has provided conflicting opinions, the Commission relies on its consultant's opinion that such conflicting opinions were not persuasive. The Commission finds that based upon the record, SMUD's plan for service will result in lower service costs and will provide economic benefits.

- c. The Commission finds that the surcharge imposed as a term and condition of this Resolution 1313 Paragraph 1.b. by the Commission and proffered by SMUD is reasonably calculated to ensure that the ratepayers in the Annexation Territory bear the entire cost of service, including annexation costs and that existing SMUD rate payers will not be affected. Further the Commission finds that SMUD has provided a rate calculation that will provide economic benefits to the ratepayers in the Annexation Territory as a result of providing service. This finding is supported by the Commission consultants and staff. Further SMUD's analysis is deemed reasonable.
- d. The Commission finds that SMUD's updated estimate of the power supply costs to serve the Annexation Area are reasonable. The Commission bases its findings on the forecast provided by SMUD, which reflects the California Energy Commission's December 2005 natural gas price forecast, published in February 2006, the GES analysis and the Executive Officer's analysis. GES concluded that the difference between PG&E's and SMUD's power supply cost estimates over twenty (20) years is approximately 5% and that SMUD will be able to use a variety of methods to meet the resource needs for the Annexation Area in a manner consistent with the SMUD Proposal.
- e. The Commission further finds that the reliability of SMUD service is at least equal to the service of PG&E and has the potential to improve reliability in the Annexation Territory. This finding is based upon the Executive Officer's Report, the consultant's analysis and the SMUD Application.
- f. The issue of timely availability of water under Government Code 56668 is not relevant to these proceedings.
- g. The Proposal will not affect the ability of a city or a county to meet its fair share of regional housing needs consistent with Government Code 65580.
- h. The Commission has considered the information and comments submitted from landowners or owners in the Annexation Area.

- i. The Commission has considered information provided relating to existing land use designations. The Proposal is not intended to affect any existing land use designations.

EXHIBIT D

DETERMINATIONS REGARDING THE AMENDMENT TO THE SMUD SPHERE OF INFLUENCE AND ANNEXATION

Based upon the record of these LAFCo proceedings on the Application of SMUD, the Commission finds and determines as follows:

1. The Commission finds that the proposal is consistent with the intent of the Cortese-Knox-Hertzberg Local Government Reorganization Act.

2. The Commission finds that the proposal is consistent with the Policies, Standards, and Procedures of the Sacramento County Local Agency Formation Commission.

3. The Commission finds that the proposal is revenue neutral pursuant to its Policies, Standards and Procedures. This finding is supported by the Memoranda of Understanding entered into by SMUD and the Cities of Davis, Woodland, West Sacramento and Yolo County. The affected taxing entities are supportive of the Proposal and the Memoranda of Understandings provide terms which mitigate the reasonably calculated costs and impacts associated with the provision of electric service by SMUD to the local jurisdictions. It is understood that each Memorandum of Understanding contemplates an additional agreement being negotiated with each of the Cities and Yolo County known as the Customer Tailored Electric Services Agreement. The terms of such Agreement are set forth in each Memorandum of Understanding with sufficient detail to provide revenue neutrality.

4. The Commission finds that the proposal does not result in the conversion of prime agricultural land or open space use to other uses inconsistent with state law and the Proposal is consistent with the planned, orderly and efficient development of the area. Although there will be a minimal impact upon prime agricultural land or open space, the Proposal requires terms to mitigate the minimal loss of open space and agricultural land.

5. The Commission finds that the Proposal complies with the general Commission policies and standards applicable to all changes of organization or reorganization.

6. The proposal for annexation is initiated by local jurisdictions in the territory proposed for annexation.

7. SMUD's creation of the proposal boundary was selected for the following stated reasons:

- a. Operational considerations related to existing transmission and distribution systems;
- b. The goal to limit severance issues and minimize stranded facilities;

- c. The ability to enhance reliability;
- d. Consideration of physical boundaries such as rivers, creeks, roads, etc.;
- e. City boundaries and Spheres of Influence; and
- f. No parcel splits, islands, or peninsulas.