

2017 District Performance Plan

Quarterly Update – Q4 2017 - Final

On Track	Caution	Needs Attention	Scheduled Timeframe	Starts in Future	Complete
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OBJECTIVE #1 - COMMIT TO THE HIGHEST LEVEL OF CUSTOMER-OWNER SATISFACTION

Everything we do should be for the benefit of our customer-owners. We will take a strategic, long-term view of implications of our decisions. Our policy decisions will be built around enhancing overall customer-owner satisfaction. Our employees will interact with customer-owners in an empathetic, proactive, and attentive manner, making sure people feel like individuals and are heard. As a utility, we will take a county-wide perspective when considering the impact of all our decisions. When possible under our financial metrics, we will provide a public power benefit built around enhancing the quality of life for customer-owners as they define quality of life.

		2017				Lead
		Q1	Q2	Q3	Q4	
Metrics & Targets						
1	Objective 1					
P 1	A. Fiber Expansion Premises Passed (year-to-date) Actuals Q4 – 1,060	105	185	492	928	Mike Coleman
P 1	B. Fiber Installation Service Interval (Excl/ PPB Connections) Actuals Dec-13 days	21 days	21 days	21 days	21 days	Mike Coleman
Strategic Initiatives/Critical Tasks/Actions						
1	C. Implement the annual Public Power Benefit program					
P 1	1. Finalize and document internal processes, procedures and reporting by end of Q2					Jeff Smith
P 1	2. Board designates 2018 funding and projects for business planning by 5/16					Kelly Boyd
1	D. Enhance the customer experience					
P 1	1. Through the CIS project, evaluate customer service offerings that would enhance the customer experience, then provide associated information and analysis to the steering committee to allow high quality discussions during Q2 vendor selection process (Q2) Complete June 2017					John Stoll
P 1	2. Evaluate options to provide HDL customers with load information to monitor their use, reducing potential for disconnection associated with changes in load. (Q2) Complete May 2017					John Stoll
1	E. Develop a comprehensive parks plan					
P 1	1. Consolidate and confirm existing policies by end of Q2					Jeff Smith
P 1	2. Define asset management guidelines by end of Q4					Jeff Smith
P 1	F. Provide community outreach support consistent with plan milestones for District initiatives 8/1					Jeff Smith

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		2017				Lead
		Q1	Q2	Q3	Q4	
1	G. Define & implement outreach strategies for low-income and Latino/Hispanic customer-owners					
P 1	1. Define outreach strategies by 6/1					<i>Jeff Smith</i>
P 1	2. Implement strategies based on plan milestones through 12/1					<i>Jeff Smith</i>
1	H. Maintain, update & provide annual report on Strategic Plan					
P 1	1. Conduct a Senior Team Strategy Session by end of February					<i>Steve Wright</i>
P 1	2. Provide annual report to Board by 2nd meeting in March					<i>Steve Wright</i>
P 1	3. Provide annual report to Strategy Partners in April					<i>Steve Wright</i>
P 1	4. Define priorities and metrics for 2018-2022 business plans by April 30 Done in July					<i>Steve Wright</i>
1	I. Complete selected Public Power Benefit Projects					
P 1	1. Continue fiber expansion with 2018 planning completed by 12/1					<i>Mike Coleman</i>
P 1	2. Complete Horan area rehabilitation work by 12/1 Completion delayed to 2020, due to work by upstream stakeholders.					<i>Jeff Smith</i>
P 1	3. Develop and implement plan for a utility-focused education program					
P 1	a. Develop plan by end of Q1 Completed in Q1.					<i>Lorna Klemanski</i>
P 1	b. Execute on plan milestones through 12/1					<i>Lorna Klemanski</i>
P 1	4. Complete Plain Substation site safety improvements by 12/1					<i>Jeff Smith</i>
P 1	5. Complete phase 1 of Regional Water and Wastewater study by 12/1					
P 1	a. Provide assistance to Cities in developing their community outreach plan and initiate plan actions (Q1) Complete March 2017					<i>John Stoll</i>
P 1	b. Develop contract scope and RFP (Q1) Complete March 2017					<i>John Stoll</i>
P 1	c. Select vendor (Q2) Complete June 2017					<i>John Stoll</i>
P 1	d. Provide the Board with information and analysis regarding the study that ensures appropriate issues are raised and effectively analyzed to allow a high quality progress review in Q4 and any extensions thereafter (Q4)					<i>John Stoll</i>
P 1	6. Develop project plan for Hydro energy research by 12/1 Complete 7/7/17					<i>Kirk Hudson</i>
P 1	7. Complete electrification research/collaboration program milestones through 12/1 Complete 11/28					<i>Gregg Carrington</i>
P 1	8. Manage and evaluate Waiver of Day-Use park fees program through 12/1					<i>Jeff Smith</i>
P 1	9. Complete Beebe Bridge Park camping pilot by 12/1					<i>Jeff Smith</i>

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OBJECTIVE #2 - INVEST IN CREATING LONG TERM VALUE

We will define plans and make resources available to invest in all our physical assets (generation, transmission, distribution, fiber, parks, water and wastewater) based on a long-term value perspective. We will continue our actions to reduce the volatility of wholesale power sales revenues while also seeking ways to enhance revenues. We will seek to work with our industry colleagues as much as possible, in a collaborative manner build around long-term relationships. Because relationships are important to us, we will look at the spirit and intent of issues rather than just the “letter of the law.” Investing in the source of our organization’s financial value will give us the best opportunity for deriving future public power benefits.

		2017				Lead
		Q1	Q2	Q3	Q4	
Metrics & Targets						
2	Objective 2					
P 2	A. Electric Service Reliability ASAI (mo/ytd) Actual Dec = 99.990%, YTD = 99.980%	>99.980%	>99.980%	>99.980%	>99.980%	John Stoll
P 2	B. Water System Integrity Actual YTD = 16.9	<30 leaks per 100 miles	<30 leaks per 100 miles	<30 leaks per 100 miles	<30 leaks per 100 miles	John Stoll
P 2	C. Network System Composite Uptime 100.00% for 2017	99.999%	99.999%	99.999%	99.999%	Mike Coleman
P 2	D. Hydro Availability Actual YTD = 68.5%	64.7%	66.6%	66.4%	66.5%	Kirk Hudson
P 2	E. Meet Peak RC goal for planned outages on Transmission System—calculated as of 2/17 Actual through February = 95.2%. This was calculated by the Reliability Coordinator (Peak RC) and is no longer reported by Peak. DISCONTINUED	75%	75%	n/a	n/a	Kirk Hudson
P 2	F. Meet Peak RC goal for planned outages on Generation System—calculated as of 2/17 Actual through February = 96.3%. This was calculated by the Reliability Coordinator (Peak RC) and is no longer reported by Peak. DISCONTINUED	75%	75%	n/a	n/a	Kirk Hudson
Strategic Initiatives/Critical Tasks/Actions						
2	G. Determine if a customer solutions focus group should be established. Group would provide feedback on topics like EE, EV’s, economic development from large loads, demand response, and other potential behind the meter customer solutions.					
P 2	1. Determine if group should be established by end of Q1 . Complete Q1.					Gregg Carrington
S 2	2. Execute plan milestones as established through 12/1. Complete 12/1					Gregg Carrington

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2	H. Expand energy efficiency programs to meet or exceed requirements.					
P 2	1. Acquire 2.1 aMWh of energy efficiency at an overall cost of less than \$18/MWh by 12/31 Complete . Large industrial projects helped us achieve our 2.1 aMWh goal.					<i>Gregg Carrington</i>
P 2	2. Board reviews CPA recommendation and sets 2018/2019 I-937 Compliance Target by Q4. Complete 12/1 .					<i>Gregg Carrington</i>
2	I. Reinvest in Hydros: Rocky Reach large unit permanent repairs					
P 2	1. Complete C8 repairs by 6/1 Unit repair work completed. Acceptance testing underway					<i>Kirk Hudson</i>
P 2	2. Unit C9 returned to service by 6/1. Completed 4/28/17 .					<i>Kirk Hudson</i>
P 2	3. Initiate disassembly of 2 nd large unit by 12/31 Current forecasted start date March 2018 due to emerging bridge crane refurbishment delays .					<i>Kirk Hudson</i>
P 2	4. Complete Bridge Crane refurbishment by 12/1 Current anticipated completion date is March 2018 due to C8 headcover delays and cracks found in north trolley requiring redesign and repair .					<i>Kirk Hudson</i>
2	J. Reinvest in Hydros: Rock Island PH1 modernization & controls upgrade					
P 2	1. Complete B6 by 7/31 Current forecasted completion date is 3/9/18 due to rotor repairs not being successful and headcover delays .					<i>Kirk Hudson</i>
2	K. Reinvest in Hydros: Rock Island PH2 modernization & controls upgrade					
P 2	1. Complete governor control upgrades for U6 and U7 by 12/31 Completed 11/30/17 .					<i>Kirk Hudson</i>
P 2	2. RI PH2 modernization study milestone: Complete recommendations for primary equipment - turbines by 7/1. Completed 4/11/17 .					<i>Kirk Hudson</i>
2	L. Hydro Asset Management Plan Implementation					
P 2	1. Develop and implement a metric for the maturity of condition knowledge for manageable Hydro assets by 6/30. Completed 6/30/17 .					<i>Kirk Hudson</i>
P 2	2. Complete condition assessments for C5, C8, B6, U6 and U7 by 12/31 B6 forecasted to be complete in early 2018 .					<i>Kirk Hudson</i>
P 2	M. Transmission Asset Management: Utilizing the IAM 6 Box Model, conduct a gap analysis to benchmark AM maturity for Transmission and compare to the desired maturity goals set forth in the SAMP by 12/1 Completed 11/21/17					<i>Kirk Hudson</i>

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		Q1	Q2	Q3	Q4	
2	N. Customer Utilities Asset Management Program Development and Implementation					
P 2	1. Implement an IEEE Distribution outage reporting structure in support of asset management (identifies “controllable” outages vs. fire/weather related outages) strategies by end of Q1 Complete March 2017					<i>John Stoll</i>
P 2	2. Develop and implement Whole Life Cost (WLC) models on select Distribution assets (cables, batteries, power transformers)by end of Q4 Complete December 2017					<i>John Stoll</i>
P 2	O. Complete Fiber Asset Management Program framework by 12/1					<i>Mike Coleman</i>
2	P. Advance the District’s strategy at State and Federal levels					
P 2	1. Gain Centennial grant funding approval for Peshastin wastewater facility by August 1 Unsuccessful with the Legislature’s failure of adopting capital budget in 2017. However, the capital budget just passed in January 2018 includes grant funding for Peshastin wastewater.					<i>Jeff Smith</i>
P 2	2. Approval of federal energy legislation by either house of Congress by December 1 should include early action credit language. The House passed H.R. 3043, which included early action language. The Senate did not pass a bill in 2017.					<i>Jeff Smith</i>
P 2	3. FERC advances 50-year minimum license and/or early action credit to Notice of Proposed Rulemaking by December 1. FERC issued a policy statement for a default 40-year license, with up to a 50-year license for certain actions taken under the previous license (early action credit). FERC did not advance to a Notice of Proposed Rulemaking; instead, they did the Policy Statement. We will seek FERC clarification of the Policty Statement in 2018.					<i>Jeff Smith</i>
P 2	4. If state carbon reduction and/or electric vehicle legislation is enacted by September 1, it should be based upon a least cost approach No legislation enacted in 2017; effort is ongoing and continuing in 2018.					<i>Jeff Smith</i>
P 2	5. State unit priced contract legislation is enacted by September 1					<i>Jeff Smith</i>
2	Q. Advance Intelligent Grid (two-way metering) capabilities					
P 2	1. Provide update to business case and overall project to steering committee (by 4/30) Complete April 2017					<i>John Stoll</i>

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P	2	2. Provide information and analysis based on CIS project status and AMI business case that ensures appropriate issues are raised and effectively analyzed to allow a high quality decision for 2018-2022 business plan (draft business plan language Q2, Final Q3) Complete September 2017					<i>John Stoll</i>
P	2	3. Continue public outreach campaign, aligning with business plan project timeline (through Q4, continuing into 2018) Complete October 2017					<i>John Stoll</i>
2	R.	Develop and implement a strategy to expand the Regional water supply					
P	2	1. Provide information and analysis regarding the second source study that ensures appropriate issues are raised and effectively analyzed to allow a high quality decision making process (Q4) Complete December 2017					<i>John Stoll</i>
2	S.	Develop and implement a 3rd party pole attachment program and policies.					
P	2	1. Create draft Chelan PUD pole attachment agreement based on the APPA model contract (end Q2) Complete June 2017					<i>John Stoll</i>
P	2	2. Develop 3-year strategy to design and implement program and rates (end Q3) Complete September 2017					<i>John Stoll</i>
P	2	3. Develop an NESC compliance strategy/plan in association with pole attachment program (end Q4) Complete December 2017					<i>John Stoll</i>
P	2	T. Develop strategic relicensing plan for RI by 12/1					<i>Jeff Smith</i>
P	2	U. Seek approval of Hydro licensing reform legislative initiative 12/1 Part of legislation noted above in 2.P.2.					<i>Jeff Smith</i>
P	2	V. Complete long range facilities planning and begin implementation thru Q4 (including energy efficiency of PUD facilities)					<i>Jeff Smith</i>
P	2	W. Provide project management and engineering support for Rocky Reach large unit repairs and Rock Island modernization projects that achieves milestones on schedule and within budget through Q4. Project management and engineering support are ongoing as we shuffle resources in response to delays and failures. E.g., B6 needed a new rotor spider, so used the proposed rotor spider for B7 to get B6 back faster.					<i>Jeff Smith</i>
P	2	X. Present systematic assessment to protect transmission lines from fire by 3/20/17. Completed 3/20/17.					<i>Kirk Hudson</i>

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		Q1	Q2	Q3	Q4	
2	Y.	Progress on substation construction to address Distribution system capacity and growth				
P	2	1. Provide information and analysis regarding substation sites that ensures appropriate issues are raised and effectively analyzed to allow a high quality decision making/land selection process to occur by end Q1 <i>Sites have been selected however overall the target Q1 date was not met.</i>				<i>John Stoll</i>
P	2	a. Leavenworth				<i>John Stoll</i>
P	2	b. Chelan				<i>John Stoll</i>
2		2. For selected substation locations, complete conditional use permitting and land purchase by end Q3 <i>Leavenworth property is purchased and Chelan property purchase is in process. The permitting (SEPA, CUP) has not been initiated for either site.</i>				<i>John Stoll</i>
P	2	a. Leavenworth				<i>John Stoll</i>
P	2	b. Chelan				<i>John Stoll</i>
P	2	Z. Complete Slide Ridge Restoration (execution phase) per project management schedule (end Q4) <i>Complete September 2017</i>				<i>John Stoll</i>
2	AA.	Execute 80% of capital plans on schedule and within budget through Q4:				
P	2	1. Generation and Transmission <i>Actual = 70.1%. Expenses were under mainly due to RI modernization delays</i>				<i>Kirk Hudson</i>
P	2	2. Utility Services <i>Actual = 93% YTD.</i>				<i>John Stoll</i>
P	2	3. Fiber & Telecom <i>Actual = 52.4%. Expenses lagged behind schedule for Telecom initiative projects due to delays. PPB installs were behind forecasts.</i>				<i>Mike Coleman</i>
P	2	4. District Services <i>Actual = 77.5% YTD. Several large projects had delayed start dates.</i>				<i>Jeff Smith</i>
P	2	5. Energy Resources <i>The last EV charging station was installed Q1.</i>				<i>Gregg Carrington</i>
P	2	6. IT <i>Major projects of CIS & GRC did not begin capital expenditure phase in 2017</i>				<i>Kelly Boyd</i>

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OBJECTIVE #3 - PROTECT NATURAL RESOURCES IMPACTED BY OPERATIONS

We will meet or exceed statutory requirements and commitments to mitigate for the environmental impacts of all our actions. As part of this objective, we will think ahead and seek out “least-cost” alternatives for meeting emerging societal environmental goals.

		2017				Lead
		Q1	Q2	Q3	Q4	
Strategic Initiatives/ Critical Tasks/Actions						
3	Objective 3					
3	A. Successfully meet hydro license requirements:					
P	3 1. Operating at Seasonal Fish Spill Targets (season is within Q2-Q3)					<i>Jeff Smith</i>
P	3 2. Contracts in place to meet hatchery production targets 1/31					<i>Jeff Smith</i>
P	3 3. Funding of the tributary component of NNI 1/31					<i>Jeff Smith</i>
P	3 4. Planned species and bull trout take within allowable level (Operations) 12/31					<i>Kirk Hudson</i>
P	3 B. Evaluate options from alternative oil feasibility for Juvenile Fish Bypass System and prepare project recommendations by 6/30. Recommendation is to pursue mechanical options rather than alternative oil.					<i>Kirk Hudson</i>
S	3 C. Identify opportunities to minimize oil release exposure from SPCC inventories by end of Q3. Completed on 10/15/17.					<i>Kirk Hudson</i>
P	3 D. Provide defined positions in public on control measures for Columbia River sea lion and bird predation on migratory salmon and steelhead by 12/1					<i>Jeff Smith</i>
P	3 E. Implement federally mandated programs/studies at Rocky Reach and Rock Island for sturgeon, lamprey, fish and bull trout by 12/1					<i>Jeff Smith</i>
P	3 F. Complete water reuse project at Eastbank Fish Hatchery to reduce Total Maximum Daily Load (TMDL) levels as required by Ecology by 12/1					<i>Jeff Smith</i>
P	3 G. Determine and document permit reporting requirements as agreed upon with Dept. of Ecology for the Dryden fish acclimation facility by 6/1. District staff, in consultation with legal and technical experts well-versed in TMDL implementation and water law, have determined what we believe the most appropriate permit reporting requirements should be at Dryden Pond. (Analysis was based on six years of data monitoring and maximizing					<i>Jeff Smith</i>

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					Q1	Q2	Q3	Q4	
				operational changes at the facility). Developing this comprehensive reporting structure took longer than anticipated so we plan to propose the reporting requirements to Ecology in June of 2018. The District is currently compliant with its NPDES permit; new compliance reporting becomes effective in 2020.					
P	3	H.		Develop plan to conduct 10-year HCP project survival studies at RI (2020) and RR (2021) by 12/1					<i>Jeff Smith</i>
P	3	I.		Prepare implementation plan for the water rights monitoring upgrade program by 12/1					<i>Jeff Smith</i>
P	3	J.		Assess long-term impacts of climate change on District operations and incorporate into long-term forecasting scenarios by 12/1. Assessed and developed implementation plan, but not yet incorporated into practice.					<i>Jeff Smith</i>
	3	K.		Complete Peshastin Wastewater Capital improvements by 2019 requirement					
P	3		1.	Make decision on Ecology funding agreement by 1/31 Complete January 2017					<i>John Stoll</i>
P	3		2.	Submit Peshastin treatment plan to Ecology by end of Q4 Complete December 2017					<i>John Stoll</i>

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OBJECTIVE #4 - ENSURE FINANCIAL STABILITY

We will sustain a financial structure that seeks to avoid raising revenue from electric rate increases through the upcoming five-year period (and potentially beyond) under all plausible scenarios and create access to low cost capital when needed.

		2017				Lead
		Q1	Q2	Q3	Q4	
Metrics & Targets						
4	Objective 4					
P	4 A. Rate of Return – District (2017 Actual = 9.6%)	> 4.0%	> 4.0%	> 4.0%	> 4.0%	Kelly Boyd
P	4 B. Debt Cover – District (2017 Actual = 3.38x)	> 2.0x	> 2.0x	> 2.0x	> 2.0x	Kelly Boyd
P	4 C. Debt Ratio – District (2017 Actual = 37.5%)	< 45 %	< 45%	< 40%	< 40%	Kelly Boyd
P	4 D. Liquidity – District (2017 Actual = \$425M)	>\$178M	>\$178M	>\$178M	>\$ 178M	Kelly Boyd
P	4 E. Unrestricted Reserves – District (2017 Actual = \$347M)	>\$150M	>\$150M	>\$150M	>\$150M	Kelly Boyd
P	4 F. Debt Retire Per Schedule – Total \$52M (2017 Actual = \$52M)	-	\$14M	\$52M	\$52M	Kelly Boyd
P	4 G. Maintain Financial Bond Ratings	Fitch AA+, Moody's Aa3 , S&P AA (Stable Ratings)				Kelly Boyd
Strategic Initiatives/ Critical Tasks/Actions						
4	H. Actively participate in Electric markets development					
P	4 1. Identify, recommend and, where appropriate, implement new products that will be offered by Chelan PUD (such as shoulder products (via WSPP) through Q4 Comple 12/31. Developed new products to meet new customer needs.					Gregg Carrington
4	I. Advance Columbia River Treaty strategies to provide benefits to our customer-owners					
P	4 1. Start negotiations by end of Q1					Steve Wright
P	4 2. Issue termination notice by end of Q3 State Dept has indicated increasing emphasis on initiating negotiations and considering issuing a termination notice, but it was not issued by end of Q3					Steve Wright
4	J. Stabilize and enhance wholesale electric revenues					
P	4 1. Complete long-term market-based slice, if economic, by end of Q2 Complete.					Gregg Carrington

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		Q1	Q2	Q3	Q4	
P	4	2. Lead the public power coalition and use the WA public power framework for the 2017 legislative session to promote least cost integrated resource planning and related carbon planning through Q4				Steve Wright
						3. Actively monitor and respond to carbon market development and carbon market pricing through Q4 Complete. Complete
P	4	K. Effectively manage Alcoa contract to assure a high-quality and informed decision for potential restart that retains customer-owner value by end Q2				Kelly Boyd
P	4	L. Conduct series of Board strategy sessions to adjust and affirm long-term financial policies, Integrated Electric business line financial policies, rate philosophies, power contract guidelines, COSA guidelines and internal debt funding philosophies				
P	4	1. Review and refresh District Financial Policies by end of Q1				Kelly Boyd
P	4	2. Review, refresh and establish Business Line Financial Policies by end of Q2. Completed in July rather than June				Kelly Boyd
P	4	3. Establish long-term rate guidance by 12/1 Effort extended into 2018 as the team lead took a new position within the District				Kelly Boyd
P	4	4. Establish long-term internal/external debt guidelines by 12/1				Kelly Boyd
P	4	M. Maintain or enhance AA bond ratings				
P	4	1. Execute rating agency outreach program through Q4				Kelly Boyd
P	4	N. Receive clean audit opinion and no material deficiencies by April 30				Kelly Boyd
P	4	O. Develop business process to utilize economic analysis tool to help evaluate net impacts of new electric loads due to new or expanding business Q1 (now a core work tool – not PPB) Complete Q1.				Gregg Carrington
P	4	P. Refine and execute the business planning cycle				
P	4	1. Draft business plans for 2018-2022 dated June 30, completed by July 21				Kelly Boyd
P	4	2. Near final business plans for 2018-2022 presented to Board in Sept. Variance approved to present on Oct. 2 due to timing of Board meeting date and presentation was completed on that date				Kelly Boyd
P	4	3. Final business plans 2018-2022 dated Sept 30, completed by Oct 20				Kelly Boyd
P	4	4. 2018 Budget approved by Board by first meeting in December				Kelly Boyd

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4	Q. Develop new Mid-C agreement					
P	1. Work with Douglas PUD to make a decision by end of Q2					<i>Gregg Carrington</i>
P	2. New design conceptual testing with CADSWES and HDR by end Q3					<i>Gregg Carrington</i>
P	3. Complete study for value of 4 and 5 dam coordination by end of Q3 <i>Agreement was not reached by the parties on a new Mid-C agreement. District staff is working on a plan for independent operations, including communications protocols and next steps. This update also applies to #4 below.</i>					<i>Gregg Carrington</i>
P	4. Develop and execute successor to Mid-C Agreement by end of Q4 <i>Same as #3 above</i>					<i>Gregg Carrington</i>
P	R. Complete next Five-Year Slice product for 2018-2022 by end of Q1 <i>Complete</i>					<i>Gregg Carrington</i>
P	S. Develop and implement longer-term strategic marketing plan to address changing market conditions by end of Q4. <i>Complete 12/31</i>					<i>Gregg Carrington</i>
4	T. Continuously engage and assess the benefits and impacts of Energy Imbalance Markets and/or other market constructs as they develop.					
P	1. Report on any changes and recommend course of action, if required, by 12/1 <i>Complete.</i>					<i>Gregg Carrington</i>
P	2. Participate and influence rules and regulations in WECC region related to external participation in EIM through Q4 <i>Complete.</i>					<i>Gregg Carrington</i>
P	U. Implement Real-Time Agreement extension beginning in Q4 <i>Complete.</i>					<i>Gregg Carrington</i>
4	V. State electrification incentives and utility crediting under state carbon regulations					
P	1. Develop strategy/position regarding State electrification incentives and utility crediting under state carbon regulations by end of Q2					<i>Gregg Carrington</i>
P	2. Participate in corresponding State Initiatives through Q4. <i>Complete.</i>					<i>Gregg Carrington</i>
P	3. Complete regional EV study (E3) by Q2.					<i>Gregg Carrington</i>
P	4. Define Chelan PUD's goals related to EV's by Q4 <i>Completed in Q2.</i>					<i>Gregg Carrington</i>
P	W. Achieve 100% of budgeted revenue associated with Environmental Attributes (assumes the District load remains the same) through Q4. <i>Complete.</i>					<i>Gregg Carrington</i>

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	2017					Lead					
				Q1	Q2	Q3	Q4				
4	X. Sustain water and wastewater services										
P 4	1. Achieve an agreement with Dept. of Ecology for an extended compliance period (to allow additional time to define TMDL solutions for the Peshastin and Dryden WW facilities) by 6/30 Verbal commitment achieved in June 2017										<i>John Stoll</i>
P 4	2. Gain agreement with Dept. of Ecology on the path forward for addressing Dryden WW TMDL compliance by 12/1 Verbal commitment achieved in December 2017										<i>John Stoll</i>

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OBJECTIVE #5 - MAKE CONTINUOUS IMPROVEMENT IN EFFICIENT, EFFECTIVE, COMPLIANT AND RISK-ASSESSED OPERATIONS

We will rigorously and holistically review spending and policy decisions using strong risk assessment practices to assure best value. We will comply with all statutory requirements. We will seek out, evaluate, and utilize new technology that is ready for deployment if there are sufficient economic and customer benefits.

		2017				Lead
		Q1	Q2	Q3	Q4	
Metrics & Targets						
5	Objective 5					
P 5	A. Hydro Cost per normalized MWh Actual Q4=\$18.2	<\$18.2	<\$16.8	<\$18.3	<\$18.8	Kirk Hudson
P 5	B. Fiber Cost per Active Connection (rolling 12 month) Q4=\$416	<\$420	<\$420	<\$420	<\$420	Mike Coleman
P 5	C. Distribution O&M Cost per normalized kWh (annualized) Actuals Q4=3.05¢	<2.49¢	<2.99¢	<3.26¢	<3.14¢	John Stoll
P 5	D. Fully Loaded Electric Cost per normalized kWh (annualized) Actuals Q4=6.01¢	<5.22¢	<5.65¢	<6.14¢	<6.06¢	John Stoll
P 5	E. Wastewater O&M Cost per ERU (rolling 12 month) Actuals Q4=\$1,409	<\$1,053	<\$1,053	<\$1,053	<\$1,053	John Stoll
P 5	F. Water O&M Cost per 1,000 Gallons (rolling 12 month) Actuals Q4=\$5.64	<\$6.46	<\$6.25	<\$5.34	<\$5.53	John Stoll
Strategic Initiatives/ Critical Tasks/Actions						
5	G. Evolve GRC accountability and processes by developing a phased approach for GRC solution.					
P 5	1. Complete GRC solution evaluation with recommendation by end of Q1					Erik Wahlquist
P 5	2. Implement in accordance with approved plan through 12/1					Erik Wahlquist
5	H. Develop/implement/maintain Business Continuity plans					
P 5	1. NRD complete business continuity plan by Q1					Jeff Smith
P 5	2. ERM to lead an exercise for District-wide perspective with the senior team to identify potential overlaps, inconsistencies, gaps and conflicts between individual business unit plans. To be completed by end of Q2 Completed on May 17					Kelly Boyd
P 5	3. G&T complete annual plan milestones and identify steps to ensure RR is prepared to host others by 12/1 Completed on 10/30/17					Kirk Hudson
P 5	4. Utility Services complete annual plan milestones by 12/1					John Stoll

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		2017				Lead
		Q1	Q2	Q3	Q4	
P	5	5. Fiber & Telecom complete annual plan milestones by 12/1				Mike Coleman
P	5	6. District Services (excl/ NRD) complete annual plan milestones by 12/1				Jeff Smith
P	5	7. Energy Resources complete annual plan milestones by 12/1. <i>Completed tests per plan.</i>				Gregg Carrington
P	5	8. Finance & Risk complete annual plan milestones by 12/1				Kelly Boyd
P	5	9. IT complete annual plan milestones by 12/1				Kelly Boyd
P	5	10. HR & Safety complete annual plan milestones by 12/1 <i>Completed in April.</i>				Lorna Klemanski
P	5	11. Legal & GM Office complete annual plan milestones by 12/1				Erik Wahlquist
P	5	I. Standardize District-wide Project Mgt processes & templates 6/1 <i>Training delivered on schedule. Documentation for the project execution phase is delayed into 2018.</i>				Jeff Smith
	5	J. Implement Business Intelligence roadmap (assuming resources hired Q1)				
P	5	1. Provide written quarterly program & project updates to senior team and monthly updates during the BSc meetings through Q4				Kelly Boyd
P	5	2. Establish and complete IT infrastructure milestones based on timing of added resources by end of Q2 <i>Timing was extended as backfill resources have not yet been hired and program lead has taken a new position with the District.</i>				Kelly Boyd
S	5	3. Complete the development of two subject areas (Customer Utilities and Safety) by 12/1 <i>Even with resource deficits noted in 2 above, good progress was made on this stretch goal.</i>				Kelly Boyd
	5	K. Use lessons learned to improve Project Attribute Valuations and capital review process				
P	5	1. Complete lessons learned and identify two needed process improvements by end of Q1 <i>Completed in March</i>				Kelly Boyd
P	5	2. Complete prelim capital review process for inclusion in initial draft business plans by end of Q1 <i>Completed in May</i>				Kelly Boyd
	5	L. Prepare for and conduct collective bargaining agreement negotiations				
P	5	1. Prepare and conduct custom local salary survey; Q1&2				Lorna Klemanski
P	5	2. Survey District management Q2				Lorna Klemanski

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					2017				Lead
					Q1	Q2	Q3	Q4	
P	5	3.	Compile survey data; develop strategy; Q2&3						<i>Lorna Klemanski</i>
P	5	4.	Gain bargaining authority and begin negotiations; Q4						<i>Lorna Klemanski</i>
5	M. Initiative 1433 (Minimum Wage and Paid Sick Leave)								
P	5	1.	Develop a plan to bring the District into compliance by end of Q1 <i>Completed in Q1.</i>						<i>Lorna Klemanski</i>
P	5	2.	Develop policy and contract language; Q2-3 <i>Revised policy and contract language was developed in Q4 per the goal variance.</i>						<i>Lorna Klemanski</i>
P	5	3.	Bargain new language and/or effects of necessary changes; Q4. <i>Contract language was developed in Q4. We have an interim agreement on how to administer the new rules while the more extensive revisions are considered during negotiations on the full collective bargaining agreement.</i>						<i>Lorna Klemanski</i>
5	N. Evolve reliability compliance programs to reinforce physical asset protections 12/1								
P	5	1.	Improve the security of medium risk NERC CIP sites. <i>Project scope was expanded during 2017, work now ongoing into 2018.</i>						<i>Jeff Smith</i>
P	5	2.	Upgrade the HIRSCH Access Control Platform for enhanced security. <i>Project scope was expanded during 2017, work now ongoing into 2018.</i>						<i>Jeff Smith</i>
P	5	O.	Implement efficiency improvements in procurement and contract management processes 12/1						<i>Jeff Smith</i>
5	P.	Maintain and update Utility Services Policies to be responsive to changing circumstances (HDL, DG, IG, etc)							
P	5	1.	Monitor and ensure HDL rates and processes established are effectively implemented, provide check-in to SMT on items such as volume of requests, number of connections, load growth, adequacy of fees & charges (Q2) <i>Completed June 2017</i>						<i>John Stoll</i>
P	5	2.	Establish first use case of the Economic Analysis Tool to inform current and future large load customer requests (Q2) <i>Completed June 2017</i>						<i>John Stoll</i>

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				2017				Lead
				Q1	Q2	Q3	Q4	
P	5	3.	Complete annual fees and charges update (Nov 30) Completed November 2017					<i>John Stoll</i>
	5	Q.	Execute District Telecommunications Systems Improvements Plan					
P	5	1.	Telephone replacement – substantial completion by end of July					<i>Mike Coleman</i>
P	5	2.	Microwave system replacement – procurement of equipment by 12/1 Cumulative changes and opportunity with scope of work and extended contract review adjusted base-line schedule.					<i>Mike Coleman</i>
P	5	3.	Trunked radio (2-way radio replacement) – completion of contract/vendor negotiations by 12/1 same as item 5 Q2 above					<i>Mike Coleman</i>
	5	R.	Upgrade Customer Information System (CIS) including incorporating Meter Data Management and Intelligent Grid requirements					
P	5	1.	Present CIS shortlist to steering committee (Jan 31) Completed January 2017					<i>John Stoll</i>
P	5	2.	Complete evaluation of demos (by end Q1) Completed March 2017					<i>John Stoll</i>
P	5	3.	Selection recommendation (by end Q1) An initial recommendation was made March 2017, however formal decision was deferred pending evaluation of other alternatives					<i>John Stoll</i>
P	5	4.	Hold bi-weekly steering committee meetings to inform project negotiations and monitor project critical milestones to ensure appropriate issues are raised and effectively analyzed (thru Q4) Completed December 2017					<i>John Stoll</i>
	5	S.	Recognition program improvements					
P	5	1.	Conduct follow-up survey on Employee Recognition Program in Q3. Completed in September.					<i>Lorna Klemanski</i>
P	5	2.	Determine whether further improvements are needed and develop plan for follow-up in Q4. Results were compiled in Q4 and were positive. No follow-up needed.					<i>Lorna Klemanski</i>
	5	T.	Strengthen Cyber security program – Operations and Business Systems					
P	5	1.	Complete cyber security governance policy by end of Q1					<i>Mike Coleman</i>
P	5	2.	Complete the C2M2 (lite) maturity model evaluation phase by end of Q3. Completed 5/10/17					<i>Kirk Hudson</i>

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		2017				Lead
		Q1	Q2	Q3	Q4	
P	5	3. Complete 6-month pilot of internet traffic analysis tool with MS-ISAC by end of Q3				<i>Kelly Boyd</i>
S	5	4. Engage the National Guard for a security exercise by end of Q3 to be performed by end of Q4 or as early thereafter as the National Guard is available. National Guard not able to enter into engagement by Q3. Looking at alternate test providers for 2018 for this stretch goal				<i>Kelly Boyd</i>

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OBJECTIVE #6 - ENHANCE THE CAPABILITY OF CHELAN PUD STAFF

We expect and support that every employee will advance his or her skills for the benefit of customer-owners. We will cultivate a utility culture that focuses first on customer-owner satisfaction. We seek to be recognized as industry “thought” leaders on all issues relevant to our operations. We focus on results using the “cycle of personal ownership” throughout projects and policy development.

		2017				Lead
		Q1	Q2	Q3	Q4	
Strategic Initiatives/ Critical Tasks/Actions						
6	Objective 6					
P 6	A. Further develop a Human Performance culture of Operational Excellence Program District-wide with a phased-in approach;					
P 6	1. Finalize Guiding Team Charter by end of Q1 Completed in Q1.					<i>Lorna Klemanski</i>
P 6	2. Redesign Supervisor Safety Audit process using the BEST model by end of Q2. Completed 3/27/17					<i>Kirk Hudson</i>
P 6	3. Complete PTP Learning Team report out by end of Q3 Completed in Q4 with different solution after receiving employee input					<i>Kirk Hudson</i>
P 6	4. Implement according to plan, in Generation and Transmission; Q1-4					<i>Lorna Klemanski</i>
P 6	5. Test and evaluate results in Generation and Transmission for introduction to other business units through Q4					<i>Lorna Klemanski</i>
P 6	6. Develop 2018 plan for introduction into other business units start item in Q3 and complete by end of Q4 (build earlier on-ramps as feasible). Customer Utilities and Fiber / Telecomm were on-ramped ahead of schedule in 2017 and the 2018 plan for continuing those groups was developed, along with plans to on-ramp District Services in 2018, ahead of the original schedule.					<i>Lorna Klemanski</i>
6	B. Organization and employee development					
P 6	1. Every employee has an Individual Development Plan (IDP) goal identified; 2/28					

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		2017				Lead
		Q1	Q2	Q3	Q4	
P	6	a. Human Resources provides information to Managing Directors so they ensure every employee has an Individual Development Plan goal; 2/28				Lorna Klemanski
P	6	b. Every Human Resources and Safety employee has an IDP goal identified; 2/28				Lorna Klemanski
P	6	c. Every Fiber and Telecomm employee has an IDP goal identified; 2/28				Mike Coleman
P	6	d. Every Customer Utilities employee has an IDP goal identified; 2/28				John Stoll
P	6	e. Every Legal, Compliance and Audit employee has an IDP goal identified; 2/28				Erik Wahlquist
P	6	f. Every District Services employee has an IDP goal identified; 2/28				Jeff Smith
P	6	g. Every Finance, Risk, IT employee has an IDP goal identified; 2/28				Kelly Boyd
P	6	h. Every Generation and Transmission employee has an IDP goal identified; 2/28				Kirk Hudson
P	6	i. Every Energy Resources employee has an IDP goal identified; 2/28				Gregg Carrington
P	6	j. Every Managing Director has an IDP goal identified; 2/28				Steve Wright
P	6	2. Every Managing Director (MD) ensures IDP goal attainment for their direct reports by 12/1.				
P	6	a. Human Resources facilitates performance plan goal-setting for MD to report on IDP goal attainment for their direct reports Q1				Lorna Klemanski
P	6	b. Human Resources and Safety MD ensures IDP goal attainment for their direct reports by 12/1				Lorna Klemanski
P	6	c. Fiber and Telecommunications MD ensures IDP goal attainment for their direct reports by 12/1				Mike Coleman
P	6	d. Customer Utilities MD ensures IDP goal attainment for their direct reports by 12/1				John Stoll
P	6	e. Legal, Compliance and Audit MD ensures IDP goal attainment for their direct reports by 12/1				Erik Wahlquist
P	6	f. District Services MD ensures IDP goal attainment for their direct reports by 12/1				Jeff Smith
P	6	g. Finance, Risk and IT MD ensures IDP goal attainment for their direct reports by 12/1				Kelly Boyd

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		2017				Lead
		Q1	Q2	Q3	Q4	
P	6	h. Generation and Transmission MD ensures IDP goal attainment for their direct reports by 12/1				Kirk Hudson
P	6	i. Energy Resources MD ensures IDP goal attainment for their direct reports by 12/1				Gregg Carrington
P	6	j. Every Managing Director attains IDP goals by 12/1				Steve Wright
6	C.	Develop and implement plan for a new supervisor academy				
P	6	1. Develop plan for a new supervisor academy utilizing volunteers from various business units by end of Q1				Lorna Klemanski
S	6	2. Implement phase 1 of new supervisor development according to plan milestones through Q4				Lorna Klemanski
P	6	3. CBA training for BU supervisors: call-outs, meal allowances, LOU's; Q1				Lorna Klemanski
P	6	D. Develop a contractor safety program to address increased risks associated with major hydro project work by 12/1				Jeff Smith
P	6	E. Perform targeted hiring based on prioritized needs - Make job offers by December 1st for 90% of new positions that are approved to fill before October 1st; Q1-4				Lorna Klemanski
6	F.	Review benefit programs:				
P	6	1. Conduct feasibility study of integrated health and wellness options; Q1				Lorna Klemanski
P	6	2. Analyze feasibility study results and work collaboratively with Benefits Advisory Committee to develop a plan; Q3 Completed in Q3.				Lorna Klemanski
S	6	G. Conduct a facilitated Senior Management Team process to identify and define outcomes desired from an integrated talent management philosophy by end of Q2. Completed 8/31; later than planned goal due to availability of senior team for scheduling. Stretch goal.				Lorna Klemanski

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OBJECTIVE #7 - MAKE OUR VALUES THE FOCUS OF RELATIONSHIPS WITH CUSTOMERS, STAKEHOLDERS AND EACH OTHER

We will promote a safety culture that permeates throughout this organization. We will make decisions based on being the stewards, not the owners, of assets owned by the people of Chelan County. We communicate about and seek input on key policy issues. We seek to be trustworthy through continuously improving our job competence, acting with integrity and focusing on collaboration in all our relationships. We will build long-term, collaborative relationships by creating partnerships and alliances with stakeholders and industry allies.

					2017				Lead
					Q1	Q2	Q3	Q4	
Metrics & Targets									
7	Objective 7								
7	A. Safety metrics:								
P 7	1.	Incident rate (12 month rolling)	4.5		4.0	4.0	4.0	4.0	Lorna Klemanski
P 7	2.	Lost time incident rate (LTIR)	0.44		0.48	0.48	0.48	0.48	Lorna Klemanski
P 7	3.	Days away restricted or transferred (DART) rate	1.45	We continue to use our light duty/return to work program productively to bring employees back to work in a restricted status rather than have them continue on lost time. This keeps employees connected to work and has long-term benefits. We also continue to analyze injury trends and address ways to avoid strains and sprains, our largest injury category.	1.05	1.05	1.05	1.05	Lorna Klemanski
P 7	4.	Safety Recommendations response time within 45 days	76%		75%	75%	75%	75%	Lorna Klemanski
P 7	5.	Business Unit attendance at safety mtgs/alternatives	74.41		70%	70%	70%	70%	Lorna Klemanski
P 7	6.	Senior Team Safety Visits (2 every 6 mos. for 5 MD's; 1/yr. for others)			10	10	10	23	Lorna Klemanski
Strategic Initiatives/ Critical Tasks/Actions									
P 7	B.	Conduct diversity outreach programs including applicant and customer focuses 12/1							Lorna Klemanski
P 7	C.	Complete 95% of required safety training provided to affected employees by 12/1							Lorna Klemanski
7	D.	Integrate Accountability, Modeling of District Values and Cycle of Personal Ownership into daily processes							

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		2017				Lead
		Q1	Q2	Q3	Q4	
P	7					Lorna Klemanski
P	7					Steve Wright

Q4 Total # tracked items = 232 85 % On Track

Q3 Total # tracked items = 229 84% On Track

Q2 Total # tracked items = 223 81% On Track

Key for Prioritization:

P – Primary: Primary are our highest priority goals

S – Stretch: Stretch goals are very important efforts with significant benefits we want to complete. We intend to make measured progress as time and resources allow without sacrificing our core activities or our ability to complete our primary goals. When considering resourcing trade-offs, these priorities have the ability to extend completion timelines without showing the goal as “red” or “not completed” if higher priority goals require the same resources.