Testing a 5-Year Vision

What is the Best, for the Most, for the Longest?
Mission

Previously
• To provide sustainable, reliable utility services that enhance the quality of life in Chelan County.

Updated
• To enhance the quality of life in Chelan County by providing sustainable, reliable utility services.
Vision

• Previously: Vision
  – To be valued as an innovative, trusted, and highly respected public utility for generations to come

• Updated: Vision / Challenge
  – In a rapidly changing utility environment, we will provide: The Best Value for the Most People for the Longest Time
Vision

• Strategic Components of vision/challenge
  – Commit to highest levels of customer-owner satisfaction
  – Invest to create long-term value
  – Protect natural resources impacted by operations
  – Ensure financial stability
  – Continuously improve efficient, effective, compliant, risk-assessed and resilient operations
  – Advance human and organizational performance
  – Encourage innovation
Current Status

First Quartile
- Customer satisfaction
- Financials
- Fiber
- Reliability compliance

Second Quartile
- Hydro capability
- Retail reliability
- Safety

Third Quartile
- Customer Service technology
What Does Best Value Mean?

First Quartile
- Customer satisfaction
- Financials
- Fiber
- Reliability compliance

Second Quartile
- Hydro capability
- Retail reliability
- Safety

Third Quartile
- Information and Operations Technology
Innovation

• Stimulating innovation
  – Facilitating a culture that is open to change
    • Moving the pendulum tens, not 180 degrees
    • Implementing technology roadmaps
    • Encouraging ideas that create customer value (risk-assessed innovation/not every idea gets approved)
  • Management and Board reaction
    – Celebrate successful innovation ideas
    – Questioning attitude to red goals
  – Managing within planned workload
  – More data, better data access, purpose-driven analytics
Resilience

- Ability to weather unlikely, but not unanticipated, outcomes
- Requires resources to protect against low-probability events (think financial reserves)
- Supports a risk-averse culture
- Tied to risk management (probability x consequence)
- Tied to our highest priorities (e.g. employees, hydro capability, retail reliability, safety)
Tentative 5-Year Goals

• Customer-owner satisfaction exceeds 90%
• Overall electric rates that are resilient to wholesale market downturns and changing retail customer demographics
• Strive to have no overall electric rate increases above 3% for each of the next 5 years
• Water/Wastewater and Fiber business units have achieved or are on the path to independent financial sustainability
• Remain among the top financially-rated (AA+) public power utilities in the country
Tentative 5-Year Goals

• Hydro system capability at 89%
  – Complete Rocky Reach large turbine repairs, complete PH1 modernization, and complete forecast for PH2 modernization

• Hydropower Research Institute (HRI) is the premier source nationally for hydropower big data

• Chelan PUD gets a 10+ year warranty for PH2 modernization

• Hydropower will achieve tax treatment parity with solar and wind
Tentative 5-Year Goals

• Distribution system in top quartile for reliability
  – e.g. SAIDI and SAIFI, average minutes of customer outage
• Understand National Electric Safety Code (NESC) requirements with implementation plan for compliance
• 7 New substations completed
• CIS/AMI implemented and maintained
• Eliminate small wire failure
• Fire prevention activities plan completed and being implemented
Tentative 5-Year Goals

• Safety is in top quartile
  – metrics under development
• Capability and process in place to track leading indicators for safety
• Safety is an acknowledged component of every employee’s job
Tentative 5-Year Goals

Investing in People

• Meaningful work, industry-leading services and development-focused performance management leads to measurable success in recruitment and retention

• Full range of job-specific development opportunities available for each job including executive, leadership and supervisory development, as well as training for subject matter experts

• Human Performance Improvement (HPI) is embedded in our culture

• Greater diversity in the workplace; workforce increasingly reflects our community
Tentative 5-Year Goals
Marketing

- Strategies implemented for long-term power contracts that expire in 2027
- Option for new large loads, served from carbon-free resources outside the District’s portfolio, without increasing cost/risk for existing ratepayers
- Canadian Entitlement Allocation agreement renegotiated
- Pacific Northwest Coordination Agreement renegotiated
  - Coordination and headwater benefits
- Independent operations; achieve benefits from coordination with other Columbia River projects
- Recognized expert on hydropower valuation reflected in markets, legislation and regulation (as part of alignment with other hydropower owners)
Tentative 5-Year Goals

Transmission

• Open access transmission policies and rates implemented
• Active member of a Pacific Northwest regional transmission planning entity
• Mid-C (joint line) transmission project completed
• Execute fire hardening projects supported by community
Tentative 5-Year Goals

Environment

• Confirm compliance, complete survival study for 2021 HCP check-in
• Chelan River National Pollutant Discharge Elimination System (NPDES) is complete and state-approved
• Approved oil and temperature NPDES; strategies implemented
• Early actions completed and filed with FERC
Tentative 5-Year Goals
Technology/Innovation

• Technology/business intelligence roadmaps for
  – Hydro Digital Transformation
  – Automated Metering Infrastructure
  – Information Technology
  – Advanced Distribution Management System
  – Business Intelligence / Data Analytics
  – Mobile applications
Tentative 5-Year Goals

• Broadband reaches 85% of District residents, with a plan to reach nearly all subject to economic feasibility with a take rate exceeding 50%
• Water system second source identified, progressing toward operations
• Understand and effectively manage all known compliance risks
• Successfully implement and use alternative contracting methods to create the best value for the long term
Tentative 5-Year Goals

• Rocky Reach Discovery Center annually attracts 85,000 visitors and trains 100 teachers and 4,000 students on the value of hydropower

• Rocky Reach, Rock Island and Service Center facilities complete
  – Productivity gains achieved, silos reduced

• Increased efficiency in internal contracting processes
Tentative 5-Year Goals

• Asset management
  – Active asset management plans for the most critical assets

• Fire risk strategy implemented
  – Infrastructure hardening, vegetation management, operational policies, engagement with land management agencies

• Cybersecurity
  – Continuously strengthen programs based on industry principles, analysis, and guidance
Increasing Capability

• Streamlining processes
  – Integrate work among business units

• New technology adoption
  – Increase efficiency and effectiveness
  – Improved reliability
  – New products and services

• Workforce management
  – Large capital program
  – Opportunities for staff to grow skills
Increasing Capability

• Performance driven
  – Use of performance tools to achieve goals
  – Celebrate success, use warning signals to allocate additional resources

• Human Performance Improvement
  – Path to improved safety and operational excellence

• Agile and well-trained workforce
  – Individual Development Plans for all employees
  – Full menu of development options
Increasing Capability

• Use of contractors and consultants
  – Achieve key goals without incurring long-term financial risk

• Delegate consistent with sideboards
  – Decision evaluation criteria
  – Encourage greater delegation consistent with strategic direction/performance plan