

Reinvestment Topic Team

November 3rd, 2014

No Action Required

Team Members

Customer-Owners:

- Peter Rutherford (Confluence Health)
- Bart Clennon (Retired Actuary)
- Rich McBride (NCESD)
- Beth Bratton (Woods & Brangwin)
- Wayne Wright (Retired PUD)
- Norm Gutzwiler (Retiring PUD Commissioner)
- Ken Martin (Cashmere Valley Bank)
- Casey Jackson (Chelan High Student)

Support:

be,clearly (Facilitators)
Mark O'Bryan (Finance)

Erik Wahlquist (Legal)
Lisa Sanders (Administrative)

District:

- Kelly Boyd
- Dave Nelson
- Chad Rissman
- Steve Currit
- Allison Brodine

Reinvestment Topic Team

- Chartered to consider how to strategically invest in PUD assets and resources to provide long-term value for customer-owners
- Focused on essential assets which in turn provide additional value that can be invested in the community
 - Hydros, Distribution, Facilities and People
- Team met four times over three months (much legwork in between)
- Staff provided overview of operations, technical expertise, ideas
- External members provided public perceptions, ideas and critical review
- Over 250 comments received from public, employees and team
- Together team developed guiding principles, priorities and options

Options

1. Protect transmission structures against storms and fire (\$50M over 10 yrs)
2. Develop partnership plan to consider underground distribution lines (\$100M shared over 20 yrs)
3. Consolidate industrial facilities outside downtown (Feasibility study)
4. Renovate/build new headquarters building (Feasibility study)
5. Create a workforce skills development program for potential applicants (<\$1M over 5 yrs)
6. Create a Chelan PUD volunteer corps (\$250,000 over 20 yrs)
7. Accelerate Rock Island rehabilitations (\$55M PH1 in 2015 and beyond: \$200M PH2 in 2020 and beyond)
8. Replace aging distribution assets and further protect against storms and fire (\$100M over 10 yrs)
9. Proceed with lower-return distribution system improvements to reduce costs (\$50M over 10yrs)
10. Create new development programs for PUD employees (<\$1M over 20 yrs)
11. Implement an employee wellness program (\$250,000 over 20 yrs)

Recommendation

- Strategically reinvesting in essential assets is the top priority that must necessarily be addressed before funds are considered as available for optional investments
- All 11 Options are subject to business case analysis – if pass, would be prioritized through planning processes
- While essential reinvestment takes precedence over optional investments, choices exist for how much to reinvest in which areas
- Asking the public to further weigh in on Options 1-6
- Options 7-11 to be handled through our internal planning processes