

List of items not included in 2009 budget

O&M						
Group	Dept	Project/Program	Item description	\$, if known	Potential Consequences	
Version 3						
1 Finance/Risk	1900	ERM	Risk Consulting	\$ 200,000	Loss of momentum in ERM (risk identification, monitoring, mitigation, etc)	
2 Finance/Risk	1900	ERM	Quantitative Analyst (.75 FTE)	\$ 140,000	Loss of momentum in ERM (risk identification, monitoring, mitigation, etc)	
3 Finance/Risk	1900	Credit Risk Management	Additional (inhouse) resources (.25 FTE)	\$ 40,000	Unanticipated counterparty default	
4 Finance/Risk	6730	Treasury/Investment Management	Investment Management Tool, i.e. Tradeweb, etc	\$ 20,000	Lost investment income	
5 Corporate	9100	Credit Risk Management	Energy Counterparty bad debt exp (none budgeted)		Potential unanticipated loss, unable to meet targets/budget	
6 Legal/Compliance	1800	Legal Counsel	Contingency for Lawsuits	\$ 150,000	If litigation occurs, we would exceed budget.	
7 Legal/Compliance	1850	Internal Audit	Potential studies to address Perf Audit recommendations		Anticipate follow up to Performance audit, however amount unknown	
8 HR	6800	Recruiting	No additional recruiting resources despite new prof/eng pos.		May not be able to meet requests in a timely manner	
9 HR	6800	HR	No enhancements to current programs & offerings	\$ 70,000	Will not have funding to address succession planning. If key personnel separate from the District, we may not have adequately skilled staff to absorb position responsibilities.	
10 District Services		PCS	No increase in staffing per CQI recommendation		Contract process support will continue status quo. May not be able to fully address identified efficiency improvement opportunities.	
11 District Services		Sustainability	No funding over \$10k		Benefits of promoting sustainability may not be realized.	
12 District Services			Perf Audit Response		Anticipate follow up to Performance audit, however amount unknown	
13 District Services			License implementation support			
14 Utility Services	3410	Reliability	Overtime for emergency response reduced	\$ 150,000	A heavy storm season could result in going over budget in OT to restore service.	
15 Utility Services	3410	Reliability	Reduced materials budget	\$ 50,000		
16 Utility Services	3300	Reliability	Eliminated Fireguard pole treatment	\$ 62,000	Could result in preventable fire damage costs to untreated poles	
17 Utility Services	3300	Reliability	Pole Testing reduced from \$200k to \$35k	\$ 165,000	Risk of pole failure	
18 Utility Services	3190	Reliability	UG cable life extension	\$ 200,000	Could result in higher outages	
19 Utility Services	6330	Conservation/Business Opportunities	ResourceSmart reduction to \$300,000	\$ 700,000	Lost wholesale revenue from reduced retail use ~\$250k net per year	
20 All	9100	All	Increase in PERS rate (assumed a decrease from 8.31%->7.93%)		Increase in benefit costs	
21 Operations			RR East Side Access Road Resurface	\$ 25,000	Cracked pavement leads to water washout under the surface of the pavement. Heavy cranes and large trucks can cause depressions in the pavement. Safety: Cranes using outriggers must take precautions not to set up for operation on paved areas where cracks and water washout may have occurred.	
22 Operations	4190	Hydro Plant	RR electronic governor control replacement	\$ 50,000	Current governor controls at Rocky Reach are no longer supported by the original manufacturer. Our supply of spare parts will diminish in time and will necessitate the purchase of new controllers. In the short term, we do not expect any negative consequences.	
23 Operations	4290	Hydro Plant	RI pavement sealing and crack filling	\$ 15,000	Cracked pavement leads to water washout under the surface of the pavement. Heavy cranes and large trucks can cause depressions in the pavement. Safety: Cranes using outriggers must take precautions not to set up for operation on paved areas where cracks and water washout may have occurred.	

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24 Operations	4290	Hydro Plant	RI PH2 purchase two fan drives	\$ 71,000	Having this information would allow staff to plan the work and the unit outage based on known information rather than a failure or a time cycle. Not installing this equipment will not cause further failures, it just prohibits staff from predicting the failures and managing the outages more efficiently.
25 Operations	4290	Hydro Plant	RI PH2 Unit Annunciators	\$ 300,000	The annunciator equipment is 30 years old and Rochester Instrument Systems no longer manufactures or supports these systems with spare parts. Maintenance staff currently perform rebuilds and repairs as different parts of the system fail. Unit annunciation is an essential plant system. Current repair practices can be maintained, but more extensive failures will limit the operational response to a unit shut down. A serious annunciator failure could leave staff unaware of a unit problem until a more serious generator or turbine failure occurs.
26 Operations	4190	Hydro Plant	RR Turbine/Generator Control System Modification	\$ 20,000	This budget item provides consulting services to review our control system. We have a system that does effectively control all units simultaneously. As an example, our VAR loading programming can only serve C-1 through C-7. This restriction doesn't allow operations to more effectively share the loading across all units. Other efficiencies are also expected. Not performing this work will result in the continued status quo operation.
27 Operations	4290	Hydro Plant	Draft Tube Gate Seals and Wheels	\$ 20,000	Coating failures and resultant corrosion are manageable for now. The current level of rubber seal failure will not prohibit the gate from stopping the unit flow in an emergency shut down. However, the rubber seals will continue to leak more each year until dewatering is no longer possible.
28 Operations	4190	Hydro Plant	LC Headworks Spillgate Painting	\$ 15,569	FERC requires that we correct some minor corrosion concerns on our spillgates at LC. This line item was to create a contract specification to perform this work. Not creating this specification in 2009 will condense the time allowed to create the specification and conduct the work.
29 Operations	7510	NR-Water (Aquifer)	Aquifer Investigations & Integrated Water Resource Plan	\$ 960,000	The ability to make the most cost-effective decisions to meet 2013 and long term hatchery needs may be removed. Stranded costs may result, as may alternatives for significant lifecycle costs savings. The long-term impact of aquifers and their use to the hatchery operations will not be known until this work is conducted. Intra-District water efficiency opportunities may result. Returning this work to the budget requires the labor of two FTE in Engineering Project Management Division and half an FTE in Natural Resource Division.
30 Operations	4290	Hydro Plant	RI Relocate microwave antenna on Douglas side	\$ 100,000	Disrupting the SCADA communications does not directly impact generation; it affects the real time monitoring of river flow and generation data transmitted from the project to System Operations and Mid-C. A "work-around" is currently employed that involves calling RI Control and Sys Ops each time the crane must be moved past the dish. This operation is infrequent, but can cause work stoppages and confusion at Sys Ops.
31 Operations	4290	Hydro Plant	RI Repair barge landing	\$ 150,000	The structure still supports the bumper and the barge is not currently at risk.
32 Operations	4290	Hydro Plant	RI Spillway Concrete Erosion Repair	\$ 60,600	FERC is aware of the erosion and the District has reported that it is moving forward with a multi-year in-house repair. This will be an annual question from our FERC inspector and will likely end up as a mandated repair. The leakage doesn't present an immediate danger to the project. It is however, very noticeable.

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33 Operations	4190	Hydro Plant	RR Stoplog Overhaul	\$ 20,000	Not performing this task will have little impact in the short term. If left undone for several more years, some structural repairs on the stop logs will likely be necessary.
34 Operations	4190	Hydro Plant	RR trashrack refurbishment	\$ 165,000	The existing trash racks are aging and continue to fatigue as time progresses. We expect that the racks will maintain their structural integrity for another year. However, as the fatigue continues, some bars will dislodge from the racks and allow trash to pass through the turbine. Some shear pin failures would be a likely manifestation of these missing bars.
35 Operations	4290	Hydro Plant	RI B3 and B4 Trashrack Refurbishment	\$ 227,200	This does not pose immediate danger for units B3/B4. The last inspection was in 2006 and the condition is such that more wood beams could be missing and the racks cannot be relied upon to protect the units from river debris.
36 Operations	7390	Hatchery	HEB0003 Water Flow Ctrl	\$ 66,447	
37 Operations	4190	Hydro Plant	RR trash rack cleaning device	\$ 300,000	Not including this budget item will require Rocky Reach to continue cleaning our trash racks with methods that require unit outages and substantial labor OT.
38 Operations	4190	Hydro Plant	RR adult fishway automation	\$ 80,000	Staying within operational limits is currently achieved by human intervention. We will continue to use our labor force to make system adjustments to stay within compliance. Sometimes, these interventions are required during non-scheduled times and require OT.
39 Operations	4290	Hydro Plant	Ancillary Improvements: Tumwater & Dryden Motor Operators for Gates; Tumwater Flip Screens	\$ 104,167	No gain on efficiency improvements.
40 Operations	4190	Hydro Plant	CM Vehicle and Equipment Storage Building	\$ 30,400	
41 Operations	7700	Compliance	Risk Management Plan	\$ 130,000	Potentially missing opportunities, or making less than optimal decisions in the high risk areas of the Natural Resource Division. This may result in damage to the reputation, stranded costs, or inefficiencies.
42 Operations	7700	Compliance	Pool Raise Feasibility Study	\$ 700,000	Failure to conduct a feasibility may lead to poorly informed decision making. Furthermore, there is a risk that a significantly favorable District business opportunity may be missed.
43 Operations	5600	License Implementation	Rocky Reach Implementation (non labor)	\$ 530,000	Additional funds will be needed when the license is received. The timing is unknown. Labor has been budgeted, as has capital.
44 Operations	4190	Hydro Plant	RRJFBP Repairs & Modifications	\$ 423,609	Not performing this would will require Rocky Reach to continue cleaning the trash racks on a frequent basis (usually 2 times per month during bypass operations). These cleaning efforts are generally performed during non-peak hours (10 PM to 6 AM) by divers. However, regardless of the structural improvement the cleaning would most likely continue for hydraulic efficiency reasons.
45 Operations	Multiple	Multiple	Training Budget Reductions	\$ 222,000	Lack of development in current staff. Required training still in budget.
				<u>\$ 6,732,992</u>	

Version 4

1 Utility Services	6330	Conservation/Business Opportunities	Conservation Program Engineer	\$ 120,000	Conservation program development for commercial & industrial sectors, I-937
2 Utility Services	6330	Conservation/Business Opportunities	Customer Svcs & Reporting Analyst	\$ 80,000	Policy management, I-937 program support, stakeholder reporting and tracking

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Group	Dept	Project/Program	Item description	\$, if known	Potential Consequences
3 IT	6110	IT	System Analyst	\$ 98,000	Reduced ability to meet application requests. Compliance application requests. Standardizing applications on .Net, new middleware standard, succession planning
4 IT	6110	IT	Sr ERP Analyst/Admin	\$ 117,000	Reduced ability to meet application requests. AMS, Separation of duties and compliance, integration between AMS, GIS, Maximo. additional middleware standardization. Operational efficiency improvements
5 Operations	7700	Compliance	New Portfolio Coordinator position	\$ -	This was the removal of the position, the cost was already removed in V3, half with risk management, and half with aquifer and integrated water work.
6 Operations	5600	Compliance	New Permitting & Cultural Coordinator	\$ 104,000	This was the removal of the position and burdened cost of the Permitting and Cultural Coordinator who had been slated to allow for a 25% FTE increase effort on hazardous materials, and 75% to cover permitting, freeing up staff to implement the 401 water quality certifications for the new licenses.
7 Operations	4110	Engineering/Project Mgmt	Construction Manager III	\$ 125,000	Reduced resource for project management.
8 Operations	5310	Engineering/Project Mgmt	Project Manager I	\$ 100,000	Reduced resource for project management.
9 Operations	5310	Engineering/Project Mgmt	Project Manager I	\$ 100,000	Reduced resource for project management.
10 Operations	5400	Hydro Plant	Apprentice Technician	\$ 100,000	Eliminate succession planning effort for future retirement.
11 Operations	5300	Engineering/Project Mgmt	Student Engineer	\$ 25,000	Lost opportunity for student learning and potential future recruitment for District.
12 Communications	6210	Communications	Public communication via local media	\$ 20,000	Limits our funding to communicate via local pay for service media. Will have to specifically target communication with public.
13 Communications	6210	Communications	Video Production	\$ 20,000	Limits our funding to communicate via use of video.
14 District Services	Various	Training/Travel	Training/Travel	\$ 35,000	Lost opportunity for staff development.
15 Legal & Compliance	1800	Legal & Compliance	Outside Legal Counsel	\$ 75,000	Further reduction of outside counsel. Will place added burden on staff to provide counsel in house. No contingency for unforeseen lawsuits.
16 Legal & Compliance	1800	Legal & Compliance	Training/Travel	\$ 20,000	Allows limited funding to maintain certifications.
17 Office Services	6210	Office Services	Reduction of .5 FTE	\$ 19,000	Reduces in house flexibility of administrative resource allocation.
18 Office Services	6210	Office Services	Copier contract reduction	\$ 80,000	Efficiency impact on areas that may not be able to have copiers proximally located.
19 Parks Maintenance	7590	Maintenance - Lincoln Rock	Lincoln Rock Boat Launch Safety Modifications	\$ 100,000	Large scale assessment and rebuild of existing structure will be needed. Current budget allows a temporary fix to be done until funding is available.
20 External Affairs	7800	External Affairs	Reduce consulting for emerging issues	\$ 60,000	Risk that issues will arise that affect District's future revenue and/or financial obligations.
21 Risk Management	1900	Credit Risk Mgmt	Training/Travel	\$ 5,000	Limited opportunity to further develop knowledge and skills.
22 Risk Management	1900	Enterprise Risk Mgmt	CCRO Subscription	\$ 15,000	Forgo tools and information sharing necessary to implement and advance best practices in ERM
23 Finance	6710	Accounting	Training/Travel	\$ 10,000	Reduced opportunity to develop knowledge & skills at a time when requirements are increasing, i.e. GASB Derivatives, middle office functions, renewable accounting, enhanced disclosures, etc.
24 Finance	6740	Reporting and Budgeting	Training/Travel	\$ 3,000	Limited opportunity to further develop knowledge and skills.
25 Admin	1100	General Manager	Travel	\$ 10,000	Reduced to minimal level
26 Admin	1700	Energy Planning & Trading	Training	\$ 8,000	Limited opportunity to further develop knowledge and skills.
27 Admin	1700	Energy Planning & Trading	PIRA NW Energy	\$ 40,000	Rely on current sources of pricing information.

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O&M	Group	Dept	Project/Program	Item description	\$, if known	Potential Consequences
	28 Admin	1700	Energy Planning & Trading	Study for Renewable Resources	\$ 50,000	Opportunity loss to get potential projects identified.
	29 Admin	1700	Energy Planning & Trading	Reduce Outside Legal	\$ 8,000	Reduced opportunity to use outside counsel to address renewable opportunities
	30 Generation	4100	Hydro Plant	Training/Travel	\$ 100,000	Limited opportunity to further develop knowledge and skills.
	31 Generation	4120	Hydro Plant	JFP Impellers	\$ 150,000	Opportunity for price reduction and possible loss of equipment consistency. Will have to purchase remainder in 2010.
	32 Natural Resources	7700	Natural Resources	Training/Travel	\$ 50,000	Limited opportunity to further develop knowledge and skills.
	33 Natural Resources	5600	Compliance	Chemical Tracking Database	\$ 20,000	Intended to increase the support of compliance with hazardous waste disposal requirement and to assist with overall reduction of hazardous material procured. Database not a regulatory requirement.
	34 Engineering & Proje	5300	Engineering & Project Mgm	Training/Travel	\$ 25,000	Limited opportunity to further develop knowledge and skills.
	35 Engineering & Proje	5300	Engineering & Project Mgm	Feasibility Study Consulting	\$ 100,000	Opportunity loss to get feasibility studies done as time permits for staff.
	36 Utility Services	Multiple	Multiple	Training Budget Reductions	\$ 250,000	Lack of development in current staff. Required certification training still in budget.
	37 Finance	6760	Strategic Financial Planning	Consultant-Financial Modeling	\$ 30,000	Delays the replacement of the internal forecasting model. Could slow the pace at which we can advance our abilities to provide better information for decision-making.
	38 Finance	6760	Strategic Financial Planning	Consultant-BSC & Cognos	\$ 5,000	Maintains our current BSc utilization and reporting. Delays advancements in using the BSc for strategic planning and management by not being able to utilize external expertise.
	39 Finance	6760	Strategic Financial Planning	Consultant-Cognos	\$ 10,000	Just maintain our current Cognos BI reporting. Delays advancements in BI reporting by not being able to utilize external expertise.
	40 Finance	6760	Strategic Financial Planning	Consultant-Asset Mgmt Process Improvement	\$ 10,000	Loss of opportunity to utilize external expertise to improve our asset management process including enterprise-wide project prioritization. Could delay the process improvement effort and the purchase of a project prioritization software tool.
	41 Finance	6760	Strategic Financial Planning	Training, Training Travel, Bus Travel	\$ 9,000	Limits skill development.
	42 Finance	6760	Strategic Financial Planning	Benchmark information	\$ 1,000	Limits ability to benchmark outcomes against industry results
					<u>\$ 2,307,000</u>	
					<u>\$ 9,039,992</u>	

**List of items not included in 2009 budget
Capital**

System	Dept	Project/Program	Item description	\$, if known	Potential Consequences
<u>Version 3</u>					
1 Distribution	3100	Improvements	Entiat Valley Transmission Line	\$ 9,800,000	Power quality, outages for affected customers
2 Distribution	3100	Replacements	UG Cable replacements	\$ 1,000,000	outages
3 Distribution	3100	System Growth	Various projects to handle customer growth	\$ 1,700,000	power quality, reliability for affected customers, growth constraints
4 Distribution	3100	Customer Growth	Reduced transformer purchases (currently overstocked), reduced growth expectations	\$ 5,200,000	None unless growth exceeds expectations
5 Rocky Reach	4190	Hydro Plant	RR Bridge Crane Control System Replacement	\$ 1,500,000	Failure risk.
6 Distribution	4190	Hydro Plant	Stehekin fire suppression	\$ 50,000	In case of fire, would have excessive damage to plant.
7 Distribution	4190	Hydro Plant	Stehekin new switchgear	\$ 100,000	Failure risk.
8 Rocky Reach	4190	Hatchery	HP056 Chelan: Predation Exclusion System	\$ 52,493	Potential HCP deadline risk. Still within making deadline, but is close.
9 Rock Island	4290	Hydro Plant	Tumwater and Dryden signs	\$ 15,000	Public safety. Signs exist, but looking for improvement.
10 Rock Island	4290	Hatchery	HSP0008 Feed Concrete Pad	\$ 20,418	Loss of efficiency opportunity.
11 Rocky Reach	4190	Hydro Plant	RR Build Womens Locker Room	\$ 20,000	Currently only men's. Women using normal restroom facilities.
13 Rock Island	5700	Transmission	Switch Replacement: McKenzie/Beverly 6-95	\$ 69,743	Failure risk.
14 Rock Island	5700	Transmission	Breaker Replacement: McKenzie 6-120	\$ 200,000	Failure risk.
15 Rock Island	5700	Transmission	Switch Replacement: McKenzie/Wenatchee 6-117	\$ 70,000	Failure risk.
16 Rock Island	5700	Transmission	Switch Replacement: McKenzie/Wenatchee 6-118	\$ 75,000	Failure risk.
17 Rocky Reach	5700	Transmission	RR Switchyard DC Improvements	\$ 125,000	Failure risk.
				<u>\$ 19,997,654</u>	
<u>Version 4</u>					
1 Distribution	7900	Fleet	Distribution equipment and vehicles	\$ 212,000	Reduced reliability of vehicles, increased need for repairs
2 Internal Services	7900	Fleet	Internal Services Vehicles	\$ 170,000	Reduced reliability of vehicles, increased need for repairs
3 Hydro Services	7900	Fleet	Hydro Shared Vehicles	\$ 295,000	Reduced reliability of vehicles, increased need for repairs
4 Rock Island	7900	Fleet	Rock Island equipment and vehicles	\$ 107,000	Reduced reliability of vehicles, increased need for repairs
5 Rocky Reach	7900	Fleet	Rocky Reach equipment and vehicles	\$ 148,000	Reduced reliability of vehicles, increased need for repairs
6 Water	7900	Fleet	Water equipment and vehicles	\$ 70,000	Reduced reliability of vehicles, increased need for repairs
7 Lake Chelan	4190	Transmission	LC Relay Replacement	\$ 75,000	Failure risk.
8 Lake Chelan	4190	Transmission	LC 115kV Breaker Replacment	\$ 85,000	Failure risk.
9 Lake Chelan	4190	Hydro Modernization	LC Powerhouse AC Modification	\$ 100,000	Failure risk.
10 Rock Island	4290	Transmission	Alcoa McKenzie Improvements	\$ 400,000	Failure risk.

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11 Rock Island	4290	Transmission	McKenzie Grounding Improve	\$ 120,000	Failure risk.
12 Rock Island	4290	Hydro Plant	PH1 Gen Digital Fault Recorder	\$ 95,000	Failure risk.
13 Rock Island	4290	Transmission	George Sellar RelocateRR-W-MK	\$ 675,000	Failure risk.
14 Rock Island	4290	Transmission	RI PH1-McKenzie 115KV Rebuild	\$ 1,450,000	Failure risk. Delay of installation. Material purchased.
15 Rock Island	4290	Transmission	Line Uprate RR-W-MK	\$ 400,000	Failure risk.
16 Rock Island	4290	Transmission	N Wenatchee 12kV CB	\$ 40,000	Failure risk.
17 Rock Island	4290	Hydro Plant	RI PH2 Station Svc Breakers	\$ 112,000	Failure risk.
18 Rock Island	4290	Hydro Plant	RI Rt Bank Fish Ladder Screen	\$ 200,000	Failure risk. Delay of installation. Material purchased.
19 Rock Island	4290	Parks	Wen Confl Park Irrigation Well	\$ 80,580	Failure risk.
20 Rock Island	4290	Hatchery	Chiwawa Steelhead Rearing Pond	\$ 200,000	Failure risk.
21 Rock Island	4290	Transmission	Wenatchee Switchyard Service Improv	\$ 25,000	Failure risk.
22 Distribution	5520	Materials Warehouse	Chelan Office Yard Storage Canopy	\$ 26,000	
23 Distribution	5520	Materials Warehouse	Chelan Pole Yard Storage Bldg	\$ 95,400	
24 Distribution	5520	Materials Warehouse	Hawley St Concrete Pad	\$ 92,000	
25 Distribution	5520	Materials Warehouse	Service Bldg Loading Dock Canopy	\$ 86,500	
26 ISS	1900	Enterprise Risk Management	Energy Trading & Risk Management System	\$ 300,000	Delays implementation of best practices and ability to have single data source for energy trading information and risk management
27 ISS	6760	Strategic Financial Planning	Replace Financial Model (or purchase project prioritization tool)	\$ 100,000	Delays the replacement of the internal forecasting model. Could slow the pace at which we can advance our abilities to provide better information for decision-making.
28 ISS	1800	Compliance	Governance, Risk, & Compliance System	\$ 500,000	Lost opportunity for efficiency gains with single source of data
29 ISS	6100	IT	Data Warehouse	\$ 200,000	Delays implementation of best practices and single source of data
				<u>\$ 6,459,480</u>	
				<u><u>\$ 26,457,134</u></u>	