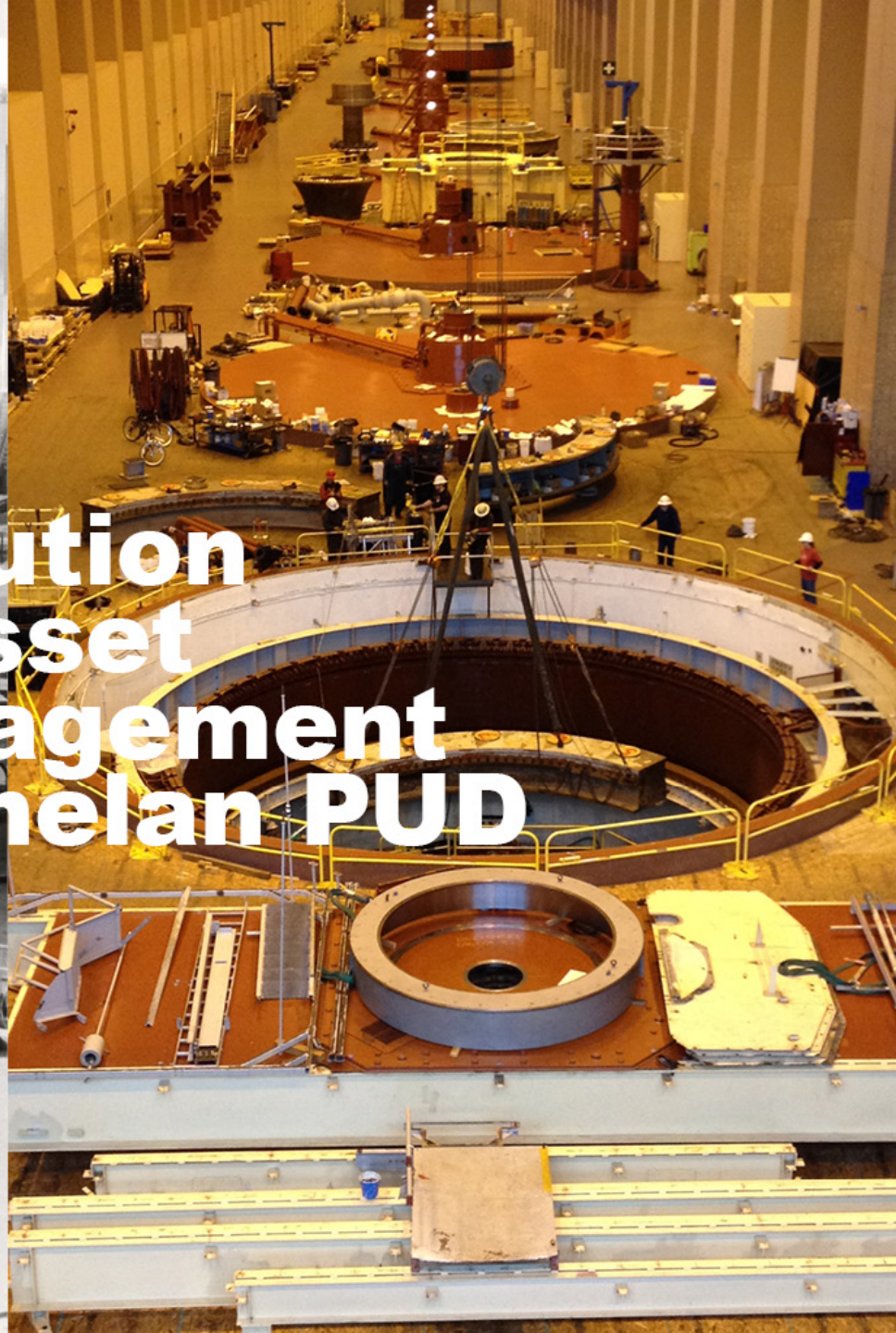


CHELAN COUNTY

The Evolution of Asset Management at Chelan PUD

Sept 6, 2016



What do we mean by

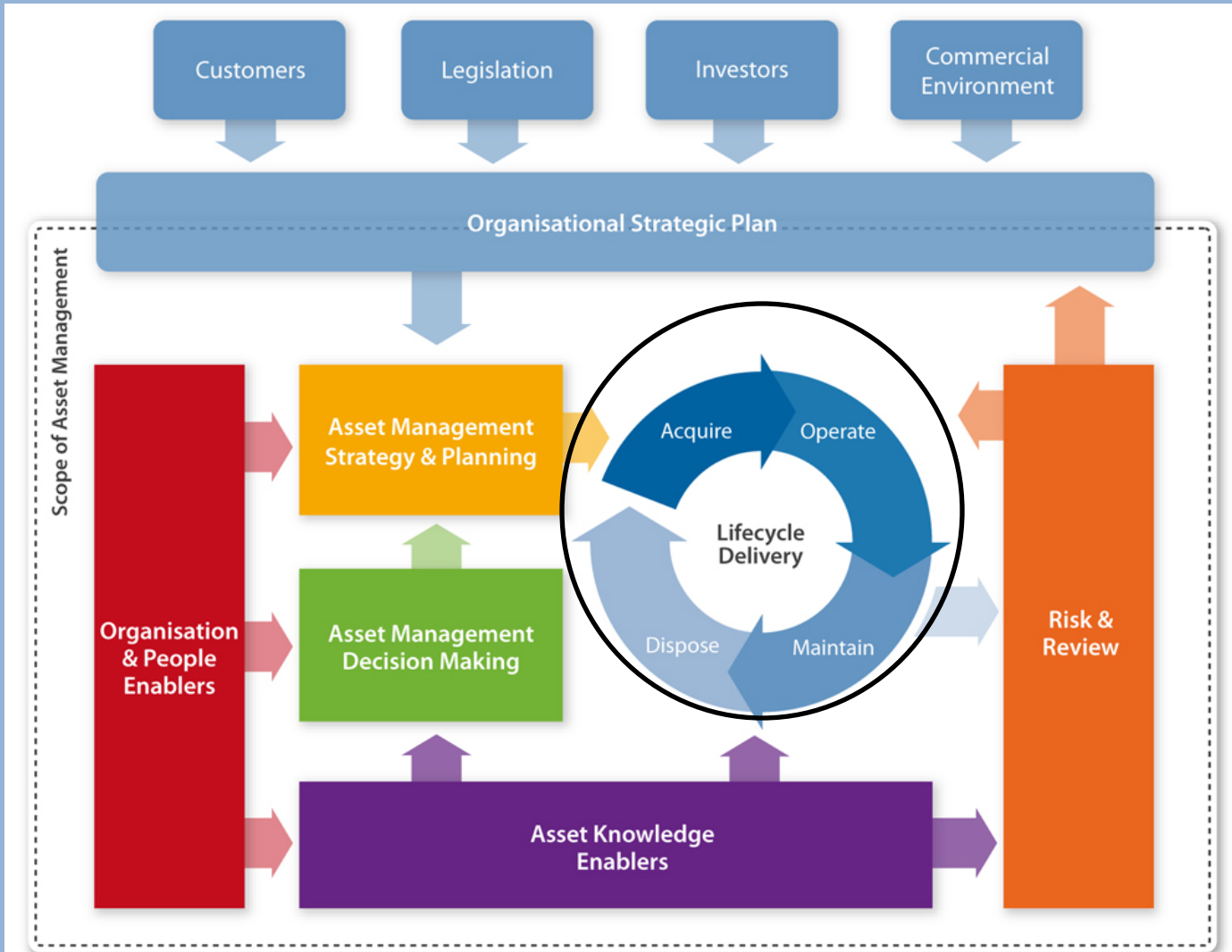
Asset Management (AM)?



"Coordinated activities of an organization to realize value from assets"
- ISO 55000

IAM Six Box Model

Historical
Definition of
Asset
Management



Traditional AM

Focused on asset acquisition, ops, maintenance and disposal

Conducted locally by asset owner

Emphasis on asset registry and manufacturer maintenance

VS.

Modern AM

Focused on strategic alignment, risk and holistic decision making

Dedicated AM specialists support decision makers

Emphasis on Optimized Maintenance and strong decision making that is:

Risk-centric

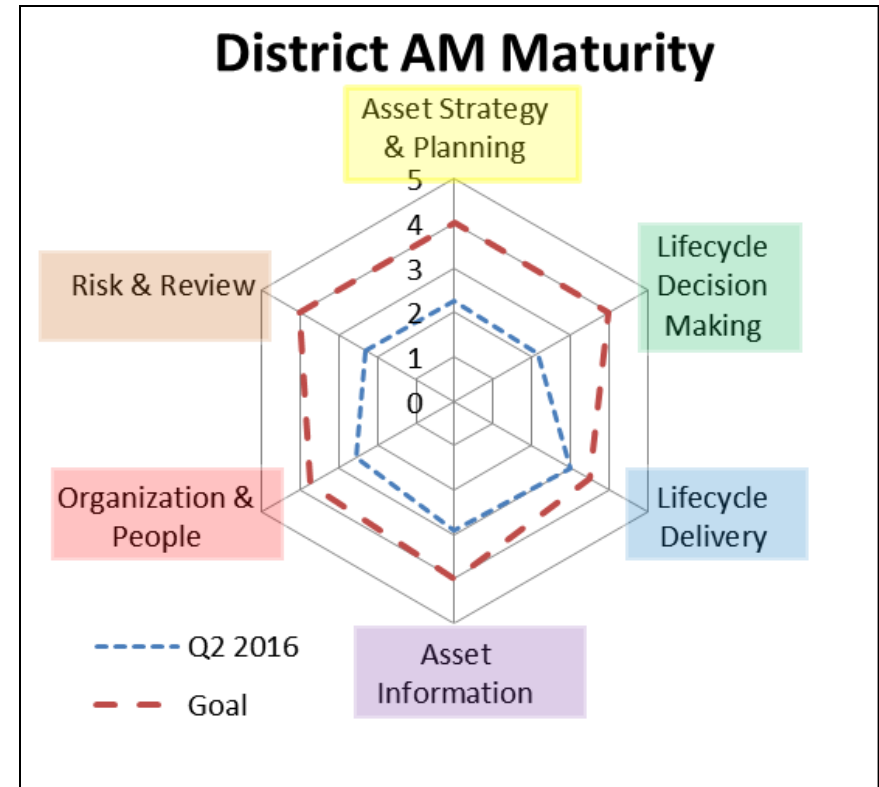
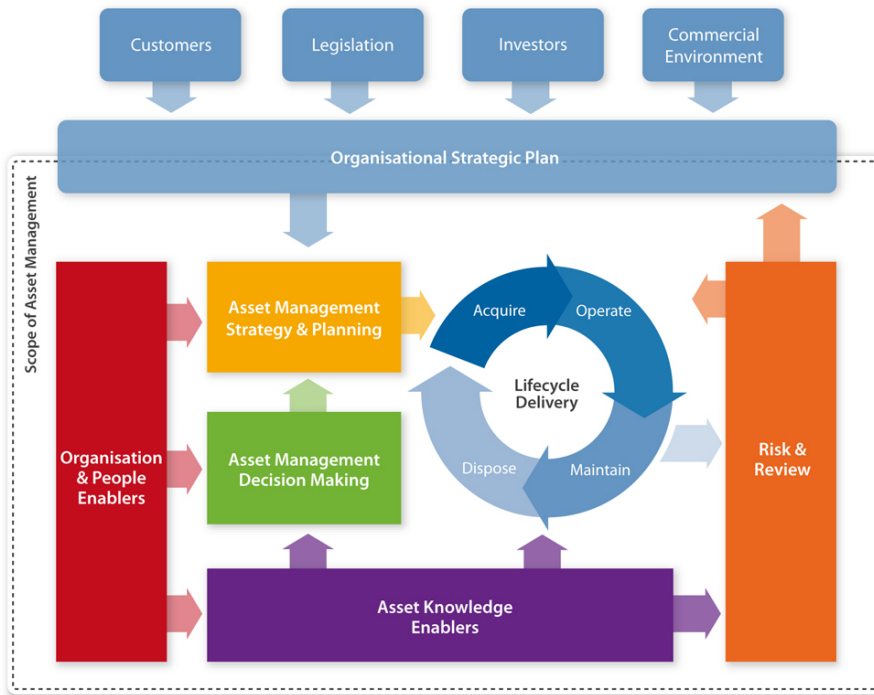
Data-driven

Coordinated

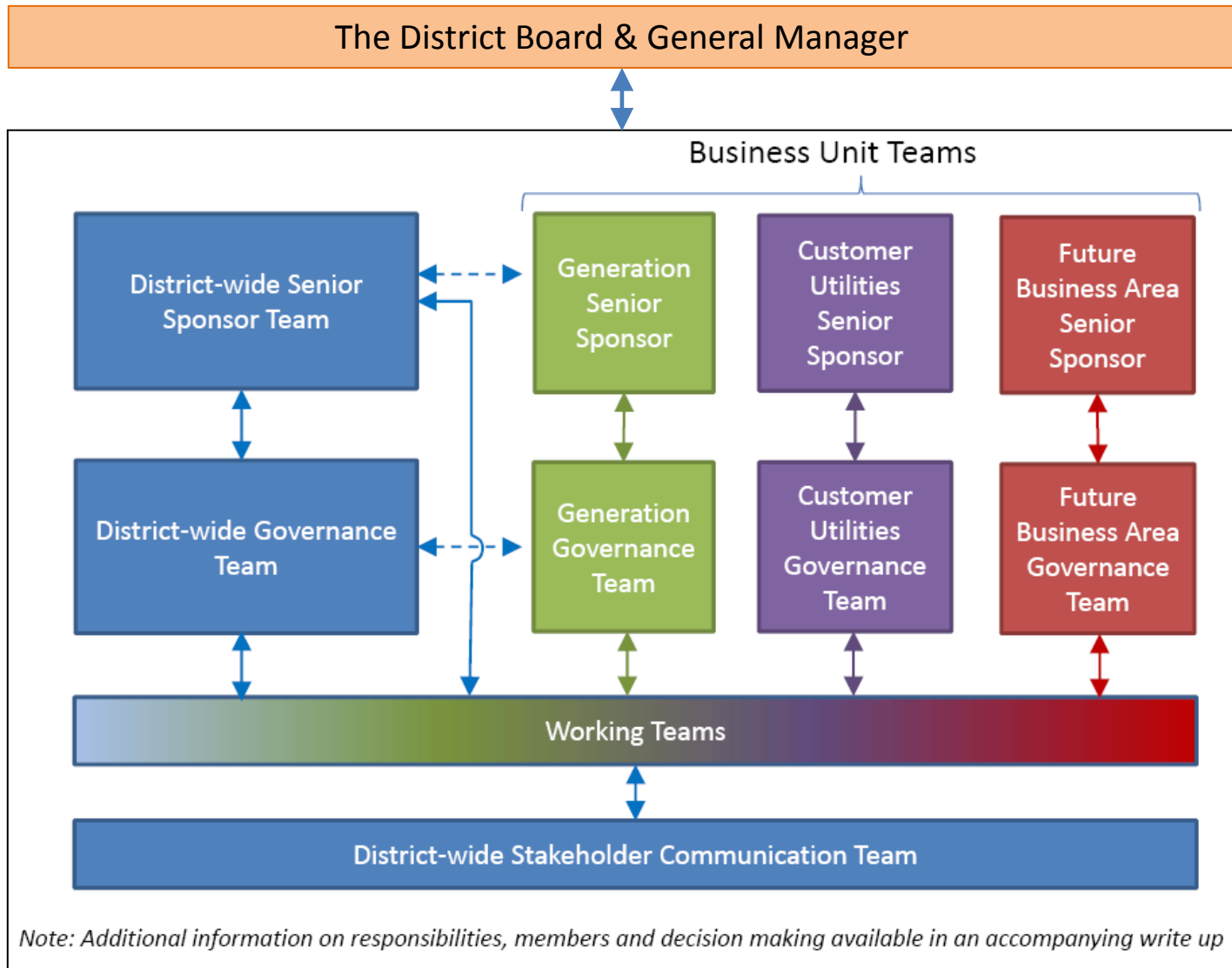
So Why Engage in Modern AM?

- For our Customer – Owners
 - Support the implementation of the strategic plan by investing in assets & optimizing the use of money with a longer timeframe which supports “generations to come”
 - Optimize the value to the customer-owner with an enhanced ability to describe the value returned by specific asset investments
- Ensure we are proactive rather than reactive
 - Calculate replacement timing and risk – achieve more proactive and fewer reactive repairs and replacements
- To adapt to a world that is increasingly complex
 - Provide a risk interface and a means of quantifying risks that is data driven (safety, environmental, financial, reliability, stakeholder)
 - Increase transparency and efficiency by utilizing a common AM “language”

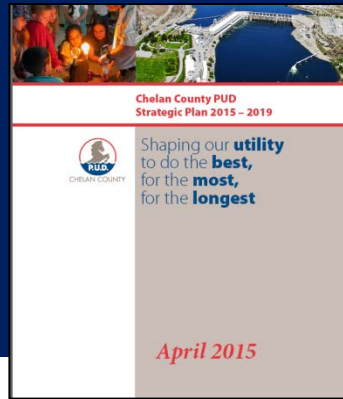
Where are we & what is next? – Assess, Plan and Go!



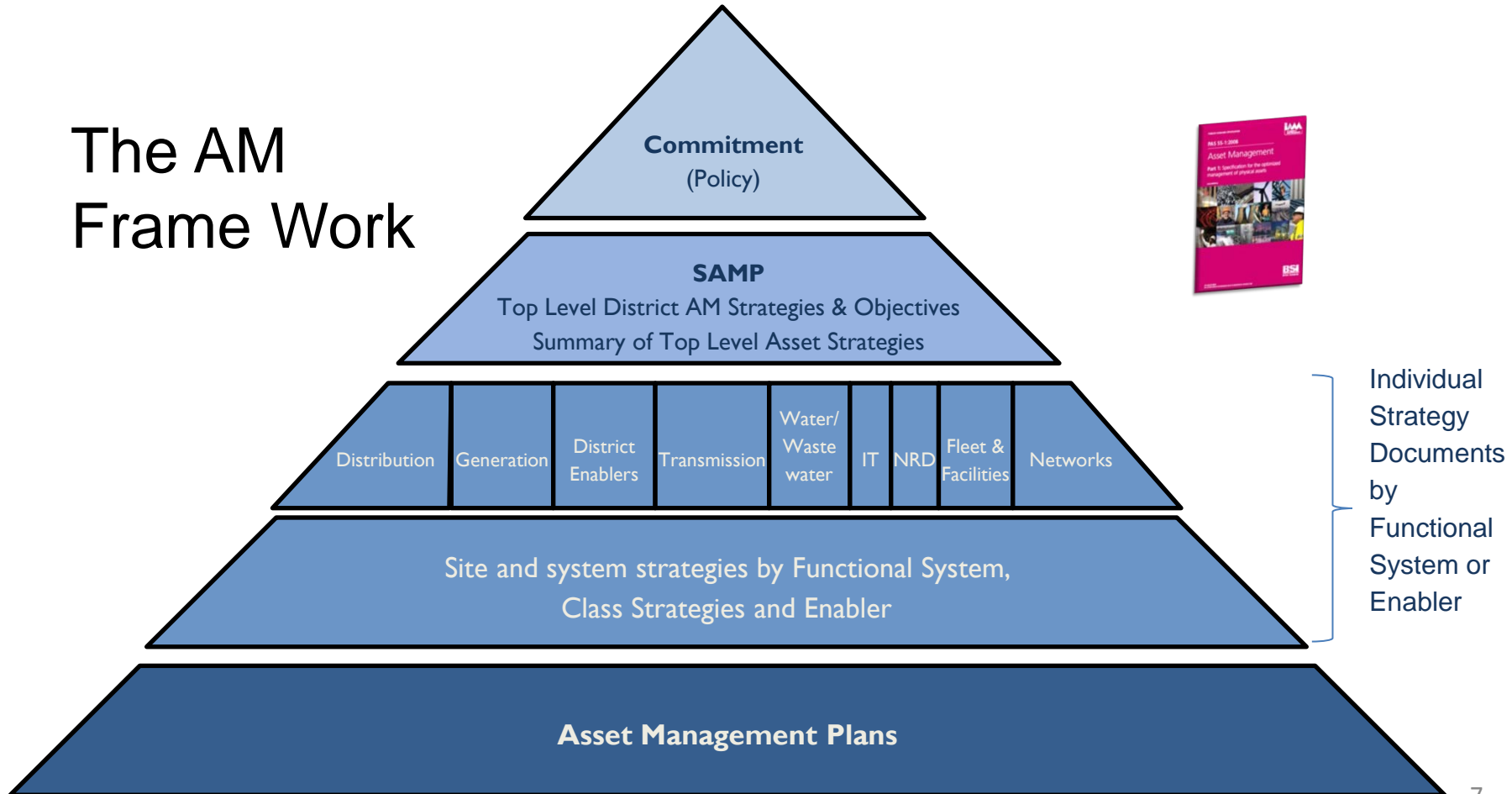
Where to begin? AM Governance



What is the big picture?



The AM Frame Work



Lead from the TOP

CHELAN COUNTY PUD

Our commitment to Asset Management

Asset Management strives to provide optimal sustained value for our customers owners by promoting a safe and healthy environment for employees and the public; being good stewards of the environment and our assets; meeting or exceeding regulatory requirements; applying reasonable scale and priority in our efforts; continually improving our Asset Management capabilities and ensuring that the approach aligns with the District Strategic objectives.

In managing our assets we will:

1. Use total cost of ownership to optimize life cycle costs
2. Utilize a risk-based decision making approach, prioritizing work based on value of the asset as part of a system
3. Implement long-term systematic planning to optimize resources, manage risk, and provide maximum value
4. Maintain compliance with regulatory requirements and obligations
5. Provide a high level, standardized framework for the continual improvement of the Asset Management program that can be effectively implemented across the organization
6. Achieve optimal solutions by balancing conflicting objectives, costs, performance, risks and resources
7. Support the empowerment of employees and ensure a clear line of accountability
8. Ensure asset system metrics align with the District Objectives



Chelan PUD is committed to being valued as an innovative, trusted, highly respected utility for generations to come.

This commitment is endorsed by the Executive Team, with everyone at Chelan PUD responsible for its implementation.

Chelan PUD will review this commitment regularly to ensure it remains fit for the purpose, while reflecting the evolving requirements of all our customers and stakeholders.

A handwritten signature in black ink, appearing to read 'Steve Wright'.

Steve Wright
General Manager
July 2015



CHELAN COUNTY
www.chelanpud.org

District-wide Highlights

- Provided District-wide Training of 60 CCPUD and 7 BPA, Army Corps of Engineers, Bureau of Reclamation personnel
- Development of Governance, Framework, Commitment, a Strategic Asset Management Plan for the District
- Conducted District-wide Outreach on progress with internal Intranet site for communication
- Selected and piloted a Criticality Ranking methodology
- Established routine District-wide coordination

Generation Highlights

- Two employees certified as IAM Asset Managers
- Developing a Generation Level AM Strategy
- Conducted criticality ranking on entire system
- Selected asset classes for specific strategy development (underway)
- Conducting data cleanup and process improvements
- Peer outreach to develop a “Body of Knowledge” specific to Generation
- Building the methodology for long-term planning on the generating units

Customer Utilities Highlights

- Two employees certified as IAM Asset Managers
- Developing Distribution, Water & Wastewater Level AM Strategies
- Conducted criticality ranking on Distribution system
- Selected Distribution asset classes for specific strategy development (underway)
- Improving the District-wide information model for Asset Management

Networks Highlights

- Identifying assets and priorities in 2016
- Developing the Long-Range Technology Plan
- Developing a Networks-level strategy consistent with the framework
- Participating in District effort to ensure that Generation & Customer Utilities methodologies will fit for Networks

District Services Highlights

- Working to improve the turnover of assets information when assets are replaced, refurbished or improved (more resources may be needed)
- Developing options for the Facilities Plan
- Parks, Hatcheries, Fleet & Facilities are evaluating needs for Asset Management
- Benchmarking Fleet Replacement
- Developed Portfolio Review Committee for Fleet, Facilities & Natural Resource Division
- Project Management turnover & closeout improvements
- Participating in District-wide efforts to ensure methodologies

Transmission Highlights

- Have maintained a 20-year plan for major transmission assets
- Hired a Planner with maintenance program experience
- Selected asset classes for specific strategy development
- To begin collecting health index for transformers and breakers (2-year effort)

What Changes will the Board See?

- Work justification that uses asset strategies built in a standard way
- Long-term plans that have more condition information and risk assessment behind them
- Risk as a central element of recommendations
- An evolution to a new “language” around asset decision-making: clear, concise, repeatable and standardized.



Questions?