

# Generation & Transmission Operating Plan

## 2022-2026 Business Plan Summary

<b>How we will add value for customer-owners</b>					
We will generate and transmit clean, renewable hydroelectricity to our customers and purchasers with a high degree of reliability at low cost. This will be accomplished by safely completing an aggressive hydro modernization and rehabilitation program, being among the best at complying with reliability standards, upgrading the transmission system, and implementing a robust asset management strategy.					
<b>District Supported Priorities (Initiatives &amp; Action)</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
Rocky Reach C1-C7 Trunnion bushing replacements complete by 2022 YE	\$X				
Rocky Reach large unit repairs complete by YE 2024	\$X	\$X	\$X		
Rock Island PH1 modernization – Complete by Q2 2024	\$X	\$X	\$X		
Rock Island PH2 modernization - First unit complete by 2024	\$X	\$X	\$X		
Rock Island Spillway Modernization underway by 2024	\$X	\$X	\$X	\$X	\$X
Open access transmission policies and rates implemented	√	√	√	√	√
Mid-C (joint line) transmission project completed	\$	\$			
Implement fire risk reduction strategy through community-supported infrastructure hardening, vegetation management, operational practices, and engagement with land management agencies	\$X	\$X	\$X	\$X	\$X
Hydropower Research Institute (HRI) - add new Contributor each year	X	X	X	X	X
Implement Business Intelligence/Data Analytics, ADMS, and G&T Digital Transformation Roadmaps	\$X	\$X	\$X	\$X	\$X
Continuously strengthen Cybersecurity programs based on industry principles, analysis, and guidance	X	X	X	X	X
Rocky Reach Discovery Center annually attracts 85,000 visitors and trains 100 teachers and 4,000 students on the value of hydropower by 2024	√	√	√	√	√
Rocky Reach, Rock Island and Service Center facilities complete. Productivity gains achieved, silos reduced	\$X	\$X			
Comply with oil NPDES permit once issued by Department of Ecology	√	√	√	√	√
<b>Key changes from last year</b>					
<ul style="list-style-type: none"> <li>➤ Rock Island PH2 1<sup>st</sup> Unit GMP, Long Lead GMP and Extended Warranty agreement signed with GE</li> <li>➤ Rock Island PH1 Modernization completion has been moved from YE 2023 to Q2 2024</li> <li>➤ Rocky Reach large unit repairs completion has been moved from YE 2023 to YE 2024</li> <li>➤ Hydro Capability target of 89% by YE 2024 has been moved to Q1 2025</li> <li>➤ Two-Dam Independent Operations (TDIP) began in late 2019 following the dissolution of the Mid-C coordination. Ongoing enhancements to the operating platform for TDIP will continue throughout the duration of this plan.</li> <li>➤ Recognizing need for transmission support for potential new large loads</li> <li>➤ Added 2 FTEs in 2021 to support Rock Island PH1 Modernization completion, plus 4 more FTEs in 2022</li> </ul>					
<b>Key Variables (known unknowns)</b>					
<ul style="list-style-type: none"> <li>➤ Impact of COVID on project schedules and other work</li> <li>➤ High volume of projects planned for the next few years could prove difficult to maintain on schedule</li> <li>➤ Unplanned Generation outages</li> <li>➤ Storms or fires could affect transmission system reliability</li> <li>➤ Development requiring transmission interconnection</li> <li>➤ Cyber security risks</li> </ul>					

## Customer Utilities Operating Unit Plan – 2022-2026 Summary

### How we will bring value to customer owners...

The overall goal of Customer Utilities is to provide safe, economical, and reliable customer utility services consistent with stakeholder expectations. Customer Utilities functions of engineering, operations, customer service and customer relations support essential retail water, wastewater and electrical services to the end user, as well as providing construction services for the fiber system. In addition, providing efficient outage response, timely new customer connections, cost recovery thorough consistent and fair application of rates and fees, and effective communications all contribute to the satisfaction and benefits we provide to customer owners. Going forward, Customer Utilities is continuing to evaluate the potential new customer offerings to achieve full benefits of the customer information system upgrade and intelligent grid implementation.

Key District Initiatives/Action	2022	2023	2024	2025	2026
Support plans to accelerate the fiber expansion program by installing new infrastructure to support fiber lines	\$X	\$X	\$V	√	√
Advance customer technologies (C2M, AMI, customer portal) per the Technology Roadmap	\$X	\$X	\$X	\$V	√
Execute capital plans to address asset management, growth, expansion, and reliability needs, including 7 new/ expanded substations	\$X	\$X	\$X	\$X	\$X
Achieve top quartile SAIDI reliability by end of 2026 understanding it will have a ~10-minute negative impact due to Fire Safety Outage Management (FSOM) protocols	\$X	\$X	\$X	\$X	\$X
Improve electric system safety, compliance and reliability	\$X	\$X	\$X	\$X	\$X
Implement strategies to reduce electric system wildfire risk	\$X	\$X	X	X	X
Evaluate and execute on Peshastin Water District's request to become part of the Chelan PUD Water system	X	X	√		
Ensure compliance with wastewater discharge permits by upgrading facilities	\$√	\$√	\$√	√	√
Participate with the Regional Water Committee in identifying a second source of water supply for the Wenatchee Valley	\$√	√	√	√	√

### Key changes from last year's plan

Supplementing the core responsibilities of providing safe and reliable utility services, and the priority efforts of fiber expansion, AMI implementation and substation construction, this year's plan adds the following efforts:

1. Fire Safety Outage Management (FSOM): Chelan PUD has initiated a Fire Safety Outage Management Plan to protect communities and reduce the risk of wildfire ignitions in fire-prone areas with focused efforts first in the Lake Wenatchee community. Future efforts include seeking grant support, assessing additional other areas of the county to implement, continued outreach, and participation in state-level efforts.
2. Peshastin Water District: The Peshastin Water District (PWD) has requested the Chelan PUD take over operations and ownership of the PWD system. A detailed due diligence review and road mapping of future actions (e.g. land, easements, contracts, loans, agreements, other obligations, etc.) is the next required action.
3. Regional Water- second source development: Past efforts to identify a second ground water source for the three-party Regional Water System have been unsuccessful to date. Earlier this year, the Regional members agreed to study a surface water treatment alternative to better understand costs and further inform the second source selection. Chelan PUD and the Regional Port applied for and received a \$300,000 grant from the State capital budget to fund this effort. Chelan PUD will take the lead in executing a consultant feasibility analysis with input from the other Regional members.

### Key Variables (known unknowns)

- Changing patterns of system load growth impacting timelines, cost, and location of need
- Environmental risks including forest health and effects of weather changes
- Speed and magnitude of natural disaster consequences to utility systems (fire, weather, flood, etc.)
- Changing customer expectations for technological solutions and resources, and associated cost and complexity
- Future access to real-time (AMI) system conditions may negatively impact reliability statistics

# Fiber & Telecommunications Operating Unit Plan - One Page Summary

## How we will bring value to customer owners...

We will provide world-class, high-speed broadband transport services that enable our customer-owners to participate and compete in the digital economy from Chelan County. They will be able to operate businesses that are open to the world; telecommute or work from home; enjoy multiple video channels; participate in distance learning; manage and secure their homes with connected devices. We will expand the broadband network to 85-90% of the premises by 2026 in Chelan County using Public Power Benefit while improving service levels, capacity, and reliability in the existing network. We will offer advanced services to help attract and maintain businesses on the broadband network and provide the ability to generate net positive economic benefits to the county. We will continue to develop and deploy asset management processes for both the fiber assets as well as the District's telecommunications assets to enhance system performance and total cost of ownership. We will advance overall system reliability and resiliency through the adoption of technology and innovation established under the Long-Range Technology Plan. We will expand the communications coverage for District employees to enhance safety and efficiency.

## Key changes from last year's plan

- Accelerate expansion areas of the fiber network by 2 years
- Participate in federal and state broadband infrastructure potential funding opportunities

## Key goals and assumptions

- 5,800 fiber expansion premises passed between 2021-2024
- Maintain network system composite reliability at 99.999%
- Connection take rate exceeds 55% by 2024
- Implementation 3% annual rate increases through 2024

## Key Variables (known unknowns)

- Overall lack of redundancy on electronics and physical infrastructure in the network leading to single points of failure.
- Overall risk of variability in detail design and engineering of construction areas on expansion efforts.
- Overall impact of supply chain market conditions on expansion plans with funding variability.
- Finding viable service providers to mitigate risks associated with having one dominant provider.
- Impact of regulatory decisions and rulemaking on areas such as pole/wireless attachments and grant programs.
- Financial and resource impacts due to electrical system asset management program outcome, including NESC compliance and structural analysis.
- Impact of losing critical employees in a small, specialized organization.
- Dynamic and changing competitive market with potential additional service providers.
- Emerging competing technologies such as small cell and millimeter wireless solutions.
- Direct competition from other telecommunication companies, including infrastructure overbuild.

District Supported Priorities (Initiatives & Action)	2022	2023	2024	2025	2026
Asset Management Program (District Objective #2)	X	X	X	X	√
Fiber Network Expansion (District Objective #1)	\$X	\$X	\$X	\$X	\$X
Fiber System Financial Solvency (District Objective #4)	X	X	X	√	√
Fiber Customer Portal Replacement (District Objective #7)	\$X	\$√			
Business/Operating Unit Key (Initiatives & Action)	2022	2023	2024	2025	2026
FTTH Network Redundancy/Resiliency Analysis (#5)	X	X	X	X	
Fiber Services Management Platform Implementation (#7)	X	X			
District Internal Connectivity Requirements (#5)	X	X	X		
Fiber Business Growth (#4)	X	X	X		
Fiber Customer Experience (#1)	X	X	X		

## I. Energy Resources Operating Unit Plan-One Page Summary

How we will add value to customer owners					
We will optimize the wholesale position and customer energy solutions programs to enhance our revenue and customer experience in support of the District's debt reduction plans, financial targets, and customer experience goals. We will continually improve our performance by anticipating, monitoring and responding to new opportunities and risks.					
Key Projects (Initiatives & Actions)	2022	2023	2024	2025	2026
Assess value of distributed energy management system		\$√			
Actively Participate in EDAM and DAME proceedings	√	√			
Achieve Support for independent governance of California ISO	√	√			
Complete Annual Slice Sale		√	√	√	√
Promote NW capacity value in western markets	X	X	X	X	X
Actively participate in Resource Adequacy activities	\$X	\$X	\$X	√	√
Implement our Long-Term Marketing Plan	\$X	\$X	\$X	√	√
Two Dam Independent reservoir operations Phase 1 and Phase 2 implementation and improvements	X	X	√	√	√
Columbia River Treaty-renegotiate CEAA before end of 2023	X	\$X			
CETA Implementation	\$X	\$X	√	√	√
Implement Low Income Energy Efficiency Program	\$X	\$X	\$X		
Key changes from last year					
<p>The primary outcome for 2022 is to continue supporting the goals and objectives of the strategic plan. This includes:</p> <ul style="list-style-type: none"> <li>• Optimize wholesale portfolio by: <ul style="list-style-type: none"> <li>○ Enhanced and increased predictability of wholesale revenues using analytics, market intelligence and marketing.</li> <li>○ Anticipating, monitor and influence evolving power and environmental markets in the West and put the District in the best position to maintain value for our customer-owners.</li> <li>○ Providing products and services are responsive to changing market conditions that meet the needs of wholesale purchasers.</li> <li>○ Continue to pursue and enhance our longer term marketing plan.</li> <li>○ Diversifying portfolio by evaluating and promoting new large loads that enhance the value to our customers and our local economy.</li> </ul> </li> <li>• Preserving and enhance hydro system value by increasing the efficiency and effectiveness of independent operations.</li> <li>• Work with other Mid-C PUD's and BPA to identify cost effective options for future coordinated operations.</li> <li>• Implement Customer Energy Solutions workplan including implementing a low-income EE program and investigating demand response opportunities such as managed charging.</li> </ul>					
Key Variables (Known Unknowns)					
<ul style="list-style-type: none"> <li>• Direction of future energy prices in the West as they are impacted by low-to-no load growth, increasing renewable resources, curtailment of large baseload resources, low natural gas prices, and environmental regulations (CETA, Cap and Invest).</li> <li>• Federal infrastructure funding potential.</li> <li>• Washington and Oregon carbon/clean energy regulations/Low Carbon Fuel Standard, including rulemaking and implementation.</li> <li>• Trend towards more organized markets, for example, Energy Imbalance Market (EIM), and Extended Day Ahead Market (E-DAM), Regional Transmission Organization (RTO), etc. that could impact the Mid C hub.</li> <li>• Customer adoption rates of EV's, new technologies, and energy efficiency measures.</li> <li>• Resource adequacy and changing capacity markets.</li> </ul>					

## District Services Operating Unit Plan – 2022-2026 Summary

### How we will add value for our customer-owners

Dedicated to enhancing the quality of life in Chelan County by leveraging the value of District assets; protecting the natural resources entrusted in our care; providing high quality recreational experiences; and promoting federal, state and local policies that benefit PUD customer-owners. Our primary mission is to support operations in the successful delivery of our utility services.

### Key changes from last year

- Relicensing efforts for the Rock Island hydro project will move out of planning phase and begin preparation of work to prepare an application to file, including significant stakeholder engagement.
- Consideration of new Public Power Benefit projects and potential implementation associated with early-action project studies.

### Key Variables (knowns/unknowns)

- Constantly changing political and regulatory landscape and associated emerging issues.
- Impacts of hydro licensing reform legislation.
- Additional support requirements of all other business units for procurement, project management and engineering, as well as other functions provided by District Services

Key Initiatives and Actions	2022	2023	2024	2025	2026
Execute on construction of facilities (including Rocky Reach, Rock Island and Service Center)	\$X	\$X			
Conduct project survival verification studies at Rocky Reach		\$X			
Complete second 10-year HCP Comprehensive Progress Report assessing overall status in achieving No Net Impact (NNI) for plan species.	X	X			
Implement a strategy for relicensing the Rock Island Hydro Project that includes credit for pre-licensing hydro investments and protects our existing investments	\$X	\$X	\$X	\$X	\$X
Support hydro generation projects achieving capability targets	X	X	X	X	X
Administer the Public Power Benefits program	X	X	X	X	X
Partner with low-income and Hispanic/Latino customer-owners to ensure inclusion of their perspectives in PUD decision-making	√	√	√	√	√
Create contracting, construction, and procurement efficiencies through internal process improvements and by utilization of alternative contracting processes authorized by State statute	X	√	√	√	√
Implement asset management plans for the most critical assets	X	X	X	√	√
Support acceleration of Fiber expansion	X	X	X		

# Information Technology Operating Plan

## 2022-2026 Business Plan Summary

### How we will add value to customer owners...

Enable high-quality innovative agile iterative and incremental work execution to exceed customer support expectations and continuously deliver public power benefits to our customer-owners by implementing, maintaining, and supporting secure, reliable, and scalable technology solutions to customer owners and District staff. We work to become trusted advisers to our business partners by understanding their business strategic needs, building expertise in current technologies solutions and agile methodologies, and following through on our commitments so they are confident in standing behind the Chelan County PUD Vision and Mission.

### Key changes from last year...

- Change in technology strategy “*from what tools do we need – to what customer value should we deliver*”, and what tools can help us achieve that value
- IT Reorganization
  - Move from a functional, siloed, specialized mindset to an Agile Mindset
  - Transforming shift from context (keeping the lights on) to core (customer value focused) technology focus
    - Significant skillset redevelopment – Training and knowledge transfer key to growth.
    - Two steps back to gain three steps forward – expect value to begin delivery in Summer 2022
  - New CTO - raises presence of technology and innovation through the organization at the senior team level.
  - New set of IT managers – 6 of 7 managers are new in their roles – new ideas and creativity
  - Renewed strategy and focus on cybersecurity – forward thinking and culture changing
  - Philosophy: Condense / Collapse / Simplify
- Completion of major customer value initiatives:
  - *External* - Customer Information System Stability (CIS) (Sept 2021), Outage Management (Late 2021-Early 2022), Automated Meter Infrastructure (AMI) (Mid 2022),
  - *Internal* - New collaboration tools – Microsoft Teams (2021), HPI Tracking & Metrics (Fall 2021), Better HR Integrated Learning Environment (LMS365) (Summer 2021)
- Launch of major customer value initiatives:
  - *External* – **Customer Engagement Portal** – Pay Online, View Usage, Get Notifications, Pre-Pay, Mobile App
  - *Internal* – **Field Workforce Management** – GIS Modeling in Field, Paperless Service Orders, Outage Awareness, Automated Vehicle Location, Service Arrival
  - *Internal* – **Focus on Data** – redevelop vision and strategic roadmap on how to get the right data to the decision makers at the right time

### Key variables (known unknowns)

- A shift from context to core requires a **re-skill of some of workforce** – training, knowledge transfer required to get back to delivering value as a department
- **IT staffing levels** and resources, particularly project management, continued to be stretched very thin as the District pursues large initiatives such as AMI, ADMS and mobile computing. Need to prioritize IT work based on VALUE and find right metric of staff size to revenue.
- Retain and **compete for top IT talent** including succession planning considerations is a key priority.
- **COVID** – IT exists in a challenging space where collaboration and innovation require staff to work closely together

## Goals & Objectives

<b>District Supported Key Initiatives/Actions</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
Lead and Implement Enterprise Technology Strategic Design and Governance	√	√	√	√	√
Strengthen Cyber Security Program for Business Network Systems & Lead/Support cross-functional cybersecurity charter	\$√	\$√	√	√	\$√
Coordinate & Lead Development of District-wide Technology Roadmap	\$√	\$√	\$√	\$√	\$√
Lead Design & Implementation of Technical Foundations, Business Continuance, GIS, Enterprise Mobility, C2M Value Extensions, and Business Intelligence/Data Analytics Roadmaps	\$X	\$X	\$X	\$X	\$X
GridEx biennial participation as a Participant	X	√	X	√	X
Participate and support new Service Center transition	\$X	\$√	√		
Execute 80% of IT capital plans on schedule and within budget	√	√	√	√	√
<b>Business/Operating Unit Key Initiatives/Action</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
Maintain high uptime (99.9) of Business Systems & Foundation Technology	\$√	\$√	\$√	\$√	\$√
Monitor and Secure Business System Technologies Ensuring Ability to Recover in Event of a Cyber Breach	\$√	\$√	\$√	\$√	\$√
Develop Strategy and Systems to support data use and analytics across different business units and enterprise	\$√	\$√	\$√	\$√	\$√
Release core business systems improvements on a regular cadence	√	√	√	√	√

**\$X** - Incremental Investment and Internal Resource Efforts

**\$√** - Incremental Investment and Ongoing Internal Resource Efforts

**X** - Incremental Internal Resource Efforts

**√** - Ongoing Internal Resource Efforts



# Safety & HPI Operating Plan 2022-2026 Business Plan Summary

## How we will make a difference...

We will strive to achieve Top Quartile safety performance through identification and implementation of occupational hazard risk reduction opportunities, as well as building upon and enhancing our safety management system. We will utilize Human Performance Improvement (HPI) methodologies to engage with all levels of the organization and promote a culture of learning and safety ownership. We will do all of this to add operational excellence value to the District and augment protection of employee and public health and safety.

## Key changes from last year...

- Implementation of Top Quartile Safety plan.
- Implementation of HPI roadmap and maturity matrix, which includes HPI tools training rollout for transformation of planning, execution and learning from work.
- Achieving the top safety quartile and implementing HPI will follow a common approach:
  - Define measurable actions and goals in conjunction with each Business Unit
  - Identify areas of opportunity specific to each Business Unit
  - Research best practices and capabilities necessary to improve
  - Establish District performance metrics for the planned actions (leading indicators)
  - Monitor lagging indicators
- The Safety Department will continue to lead the District’s planning and response to COVID-19.

## Key Variables (known unknowns)

- Long-term impacts to S&H team resources due to COVID-19
- Prolonged effects of COVID-19 requirements on safe work practices
- Changing work requirements, guidelines, and practices due to COVID
- Onboarding new staff after filling 3 vacancies.
- Ensuring Safety and HPI are appropriately prioritized amongst the District’s increasing objectives.

District Supported Priorities (Initiatives & Action)	2022	2023	2024	2025	2026
District-wide evolution of Human Performance Improvement (HPI) knowledge and tools into the embedded mindset, behaviors and actions necessary to continually improve and effectively embody our values.	\$X	\$X	\$X	\$X	\$X
Identify and implement injury reduction best practices from industry leaders for continual improvement of the District’s Top Quartile Safety performance efforts.	\$X	\$X	\$X	\$X	\$X

\$X - Incremental Investment and Incremental Internal Resource Efforts  
 \$V - Incremental Investment and Ongoing Internal Resource Efforts

X - Incremental Internal Resource Efforts  
 V - Ongoing Internal Resource Efforts



## I. HR Operating Unit Plan – 2022-2026 Summary

### How we will add value for customer-owners

Human Resources will partner in creating meaningful work, providing industry-leading services and delivering development-focused performance management, leading to measurable success in recruitment and retention. We make a difference for the District’s customer-owners by acquiring, developing and motivating the talent of the future, by developing and supporting effective team leaders, facilitating the pursuit of individual mastery and accountability, providing support to ensure compliance with employment regulations and obligations, and by supporting business units in their pursuit of operational excellence.

### Key changes from last year:

- Work practices and guidelines are being adapted for increasing resiliency to external forces such as the pandemic.
- Implemented policy changes to comply with changes in legislation.
- Develop implementation plans for the top three health care strategies to bend the cost curve identified in prior year.

### Key Variables (known unknowns)

- Disruptions to the nature of work and how it is performed due to changes in technology, energy markets, the pandemic and other forces;
- Impacts of new or revised federal, state and local laws and regulations affecting employment, benefits and labor relations;
- Market trends for wages and employee benefits;
- Availability of workers in the market with mission-critical skills;
- Impact on the ability to perform work due to loss of institutional knowledge predicted during this 5-year period;
- Impact of generational and cultural differences between the current workforce and the workforce of the future, such as desire for scheduling and location flexibility..

Priorities (Initiatives & Action)	2022	2023	2024	2025	2026
Provide influential input on legislative proposals and regulatory rule-making processes related to employment and benefits.	X	√	X	√	X
Conduct collective bargaining agreement (CBA) negotiations for 2021-2024 and 2024-2027 cycles; manage the CBA and create letters of agreement to address issues during the term of the CBA.	√	√	X	X	√
Develop employee skills and assist with their successful job performance by identifying and providing access to job-specific sets of development opportunities for each job group.	\$X	\$X	\$X	\$X	\$X
Develop and implement a 5 year leadership development program for executives and emerging leaders.	\$X	\$√	\$√	\$√	\$√
Business units, with guidance from Human Resources, develop and embrace goals to increase diversity in their work groups as we seek a workforce that reflects the diversity of our community.	√	√	√	√	√
Develop implementation plan and implement the top three health care innovation strategies intended to offer the optimal balance of favorable impact and strong probability of sustainable success in moderating the health care cost curve.	√				

\$X - Incremental Investment and Internal Resource Efforts

X - Incremental Internal Resource Efforts

\$√ - Incremental Investment and Ongoing Internal Resource Efforts

√ - Ongoing Internal Resource Efforts

## Finance Operating Plan 2022-2026 Business Plan Summary

### How we will add value to customer owners...

We will promote prudent financial and risk disciplines, continue strategies to optimize our debt portfolio, and obtain clean audit opinions to remain among the top financially rated (AA+) public power utilities. We will leverage comprehensive forecasts and economic analyses, perform risk assessments, and utilize advanced data analytics and business intelligence tools to support informed decision making, while implementing risk mitigation plans and loss prevention. We will do all this to add value, keep the District financially strong and keep rates stable and affordable for our customer-owners.

### Key changes from last year...

- Changes in power market regulations require new products/contracts to monetize hydro generation value.
- Revised generating unit projects/schedules require comprehensive cost/benefit/risk review.
- Advancement of capabilities and services to support the pipeline of BI and Analytics projects for the operating units to be a utility leader in this discipline.
- Evolution of an uncertain energy market, load growth potential, rising O&M/capital costs, and expiration of long-term contracts drive the need for enhanced long-term forecasting capabilities for decision making.
- Insurance markets with considerable focus on wildfire risk, liability coverage capacity, and significant premium increases intensify requirements for insurance program management.

### Key Variables (known unknowns)

- Emerging market opportunities to reduce uncertainty of wholesale position/revenue forecast.
- Large loads/changing power markets add uncertainty to portfolio/risks for rates, cost recovery and surplus subsidy.
- Inflation and ever-increasing scope for long-term capital plans may impact financial forecasts and related timelines for additional bond financings.
- Increased focus on wildfire risks, the District's claim experience and market factors beyond our control all put cost-effective premiums and coverage at risk.
- Staffing levels and/or resource needs may increase as power markets evolve, large load contracts increase and District-wide technology practices advance.

District Supported Key Initiatives/Actions	2022	2023	2024	2025	2026
Maintain or enhance AA bond ratings	X	X	X	X	X
Receive clean financial audit opinions with no material deficiencies	√	√	√	√	√
Continue debt reduction with scheduled principal payments and planned six month accelerated payments.	\$46M	\$38M	\$42M	\$44M	\$24M
Implement Business Intelligence/Data Analytics and Digital Transformation roadmaps	\$X	\$X	\$X	\$X	\$X
Provide financial, economic, risk, analytics support for asset modernization and management	X	X	X	X	X
Business/Operating Unit Key Initiatives/Action	2022	2023	2024	2025	2026
Advance the District-wide benchmarking program to include actionable use of metrics	√	√	√	√	√
Execute on the Environmental, Social & Governance (ES&G) Reporting Strategy	√	√	√	√	√
Complete targeted Finance systems enhancements and process improvements	√	√	√	√	√
Execute debt issuance actions - Debt Portfolio Optimization and Management	\$X	\$X	√	\$X	√
Update Integrated Electric reporting and enhance portfolio modeling	√	√	√	√	√

\$X - Incremental Investment and Internal Resource Efforts

\$√ - Incremental Investment and Ongoing Internal Resource Efforts

X - Incremental Internal Resource Efforts

√ - Ongoing Internal Resource Efforts

## Legal, Compliance & Audit Operating Plan 2022-2026 Business Plan Summary

How we will add value for our customer owners					
We will increase value for the District's customer-owners by 1) proactively managing the District's increasing compliance obligations and risk, and 2) effectively supporting District business unit efforts in order to preserve and enhance the District's assets and operations.					
Significant Plan Changes					
Substantially increased legal resource involvement due to unanticipated events, increased compliance requirements, and increased number of projects, emerging regulatory issues and market developments.					
Key Variables (known unknowns)					
Ever-increasing regulatory and compliance requirements and availability of resources/Resource limitations					
District Supported Priorities (Initiatives & Action)	2022	2023	2024	2025	2026
Columbia River Treaty	X	X	X		
Advance Governance-Risk-Compliance processes and records management policy to increase effectiveness of managing compliance risks	\$X	\$X	X	X	X
Support Rate Design Efforts	X				
Continue to support Mid-C independent operations implementation	X	X	X	X	X
Facilitate public power benefits program authority evaluation process	X	X	X	X	X
Rock Island Re-Licensing Efforts	X	X	X	X	X
Participate in long term power contract alternatives strategy	X	X	X	X	X
Support acceleration of Fiber expansion	X	X	X		
Support regional asset planning efforts	X	X	X	X	X
Support environmental and permitting efforts	X	X	X	X	X
Business/Operating Unit Key Initiatives & Action	2022	2023	2024	2025	2026
Support power marketing opportunities and proactively engage in emerging markets and regulatory issues	X	X	X	X	X
Support hydro insurance claims activity	X	X	X	X	X
Continue to conduct audit reviews and help identify opportunities for improvement	X	X	X	X	X
Work with District Services to improve effectiveness and efficiency of procurement and contracting processes	X				
Manage alternative procurement methods	X				

## Board & General Manager Operating Unit Plan 2022-2026 Business Plan Summary

### How we will make a difference...

The Board of Commissioners and the General manager’s mission is to enhance the quality of life in Chelan County by providing sustainable, reliable utility services. The vision is to provide the best value, for the most people, for the longest time. The key objectives are to commit to the highest level of customer-owner satisfaction, invest to create long term value for customer-owners, protect and enhance natural resources impacted by operations, ensure financial stability, continuously improve efficient, effective, compliant, risk-assessed, and resilient operations, advance human and organizational performance, and encourage innovation. The four priorities for this business planning period are aligned with our new strategic plan priorities; 1) invest in assets and people and seek industry top-quartile performance for hydro generation, retail reliability, and safety while improving our customer service technology, 2) sustain excellent financial resiliency while mitigating the risk of large rate increases, 3) enhance the quality of life in Chelan County through programs that distribute the benefits of public power, and 4) engage in countywide growth planning and job creation efforts while ensuring the District’s rates and policies remain stable and predictable.

### Key Variables (known unknowns)

The known unknowns for the Board and GM are centered around the continuing changes in regulatory requirements, asset performance, local electricity demand and the wholesale energy market.

District Key Initiatives/Actions	2022	2023	2024	2025	2026
<b><i>Manage to key outcomes: high customer satisfaction, meet financial metrics, operate to strategic plan, and support public power.</i></b>					
Conduct the strategic planning process including community and employee outreach to complete a new strategic plan for 2025-2029			\$X		
Maintain, update and provide annual report on 5-year Strategic Plan, Business Plans and Annual Performance Plan	√	√	√		√
Advance Columbia River Treaty strategies to provide benefits to our customer-owners	X	X	X	X	X
Integrate Accountability, Modeling of District Values and Cycle of Personal Ownership into daily processes	√	√	√	√	√
Advance the National and Regional influence of Chelan PUD	√	√	√	√	√
Board Key Initiatives/Actions	2022	2023	2024	2025	2026
Sustain our public partnership	√	√	√	√	√
Maintain strong financial stewardship	√	√	√	√	√
Ensure effective execution	√	√	√	√	√
Approve strategy and business planning	√	√	√	√	√
Responsible Board representation	√	√	√	√	√
Ensure compliance	√	√	√	√	√
Evaluate governance positions	√	√	√	√	√
Continuously improve Board member skills	√	√	√	√	√

\$X - Incremental Investment and Internal Resource Efforts

X - Incremental Internal Resource Efforts

\$√ - Incremental Investment and Ongoing Internal Resource Efforts

√ - Ongoing Internal Resource Efforts