

# Generation & Transmission Operating Plan 2020-2024 Business Plan Summary

How we will make a difference					
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.					
Key outcomes increasing value to customer-owners					
<ul style="list-style-type: none"> <li>➤ Increase hydro reliability by completing planned reinvestment projects (e.g. RR large unit repairs and RI rehabilitations), moving from approximately 78% capability in 2019 to 89% in 2024</li> <li>➤ Obtain long-term, 10-year warranties on hydro modernization projects</li> <li>➤ Advance generation and transmission asset management strategies to optimize long-term reliability and cost</li> <li>➤ Be proactive with changes in the Northwest associated with reliability coordination and transmission planning</li> <li>➤ Begin implementing recommendations from the feasibility study to improve customer-owner reliability in highest risk areas identified from evaluation of wildfire and weather risk to the transmission system</li> <li>➤ Complete construction of storage and support facilities at Rocky Reach and Rock Island that result in efficiency improvements</li> <li>➤ Increase predictive maintenance capability through data analytics and sensor research</li> <li>➤ Evaluate having more spare parts and equipment for faster refurbishment/replacement of turbines and generators through overhaul cycles</li> <li>➤ Hydropower Research Institute (HRI) is the premier source nationally for hydropower big data</li> <li>➤ Continue improving safety culture by moving to top quartile safety performance</li> <li>➤ Utilize Human and Organization Performance principles to improve quality and efficiency.</li> </ul>					
Key Variables (known unknowns)					
<ul style="list-style-type: none"> <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>					
District Supported Priorities (Initiatives & Action)	2020	2021	2022	2023	2024
Rocky Reach large unit repairs complete by YE 2021	\$X	\$X			
Rock Island PH1 modernization – Complete by YE 2024	\$X	\$X	\$X	\$X	\$X
Rock Island PH2 modernization - Chelan PUD gets a 10+ year warranty for PH2 modernization, first unit complete by 2024	\$X	\$X	\$X	\$X	\$X
Asset Management Program Development and Implementation with active asset management plans for the most critical assets	X	X	X	X	X
Rock Island Spillway Modernization underway by 2024		\$X	\$X	\$X	\$X
New Large Loads	X				
Open access transmission policies and rates implemented	\$X	√	√	√	√
Active member of a Pacific Northwest regional transmission planning entity	√	√	√	√	√
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
Two-Dam Independent Operations transition to operations	X	√	√	√	√
Hydropower Research Institute-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 Discovery Center Improvements complete by 2022 YE	\$X	\$X			
Rocky Reach, Rock Island and Service Center facilities complete. Productivity gains achieved, silos reduced	\$X	\$X	\$X		
Comply with oil NPDES permit once issued by Department of Ecology (2020-2024)	\$X	\$X	√	√	√

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

X - Incremental Internal Resource Efforts  
√ - Ongoing Internal Resource Efforts

## Customer Utilities Operating Unit Plan – 2020-2024 Summary

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

The overall goal of Customer Utilities is to provide safe, economical and reliable customer utility services consistent with stakeholder expectations. Engineering, operations, customer service and customer relations support the delivery of water, wastewater and electrical services to the end user.

Over the last year, we have discovered through our system and events in the industry that the safety and resiliency of our electric distribution system is not at the level we thought. Customer Utilities is embarking on an ambitious goal of significantly improving electric system reliability while increasing the resiliency and safety of our electric system by focusing on the following key efforts:

- Proactively replacing end of life assets before failure
- Adding system capacity to account for growth
- Decreasing potential fire risk
- Deploying technology to provide real-time information to both our customers and ourselves

Together these efforts are aimed at placing Chelan PUD in the first quartile of reliability among similarly situated utilities.

### Key outcomes benefiting customer-owners

- Our utility systems will be maintained and operated to provide safe and reliable electric, water and wastewater service
- System outage response will be effective and efficient
- Our utility systems will be operated in a financially and environmentally prudent manner
- The revenue cycle will be maintained and protected
- Distribution capacity will be improved and new customers will be connected timely
- Expansion cost will be recovered in accordance with growth-pays-for-growth philosophy
- Rates, regulations, and policy will be consistently applied
- Customers will be provided system and service information they need
- Fire and safety risk of downed wire due to equipment failures will be mitigated and eliminated
- Critical equipment will be replaced in advance of failure
- Fiber expansion will be supported through appropriate make-ready modifications and relocations
- Customers will be provided utility services they value
- Customer service will continue to exceed 90% satisfaction level
- Distribution reliability will improve to first quartile among similarly situated utilities

### 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

Key District Initiatives/Action	2020	2021	2022	2023	2024
Implement a fire risk management strategy	\$X	\$X	X	X	X
Execute substation plan to address growth needs (7 new/expanded substations)	\$X	\$X	\$X	\$X	\$X
Advance customer technology solutions (CIS, AMI, ADMS)	\$X	\$X	\$X	\$X	\$X
Execute >80% of capital improvement plans	\$X	\$X	\$X	\$X	\$X
Improve distribution system NESC compliance (current and future)	\$X	\$X	\$X	\$X	\$X
Advance asset management capabilities	\$X	\$X	\$X	\$X	\$X
Construct facilities to ensure compliance with WW discharge requirements	\$X	\$X	\$X	\$X	\$X

# Fiber Operating Unit Plan - One Page Summary

## How we will make a difference...

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 Network Management Systems and Asset Management processes to enhance system performance and total cost of ownership. We will continue the marketing and branding campaign for the network to achieve greater than 50% take rate.

## Key outcomes increasing value to customer-owners

- Continue expansion of the broadband network in 2020 while preparing construction plans for expansion in 2021.
- Continue to develop and implement an Asset Management Program that instills a portfolio management discipline that defines strategies for asset maintenance and capital investment in fiber assets.
- Continued development of a disaster recovery program that identifies impacting events including cybersecurity mitigation strategies to reach interim operational state while working towards complete recovery for the broadband network.
- Continue joint planning with Customer Utilities to enhance PPB expansion make-ready work and comply with National Electric Safety Code.
- Continue with the replacement of Customer Management System for efficiencies and improvement in customer service.
- Continue work with Microsoft under the Broadband MOU to develop alternate solutions that enable increased deployment and lower cost profiles.
- Continue network system improvements in security, performance, and reliability
- Projected need for 3% annual revenue increases to offset inflation and increasing expenses.
- Attain system financial sustainability by working to eliminate District ongoing subsidy

## 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, construction constraints and county growth on expansion plans with funding variability.
- Finding viable service providers to mitigate risks associated with having one dominant provider controlling 96.6% of customers.
- Impact of regulatory decisions and rule making 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.
- Emerging competing technologies such as small cell and millimeter wireless solutions.

<b>District Supported Priorities (Initiatives &amp; Action)</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Fiber Asset Management Program (District Objective #2)	X	X	X	X	X
Fiber Network Expansion (District Objective #1)	\$X	\$X	\$X	\$X	\$X
Fiber System Financial Solvency (District Objective #4)	X	√	√	√	√
<b>Business/Operating Unit Key (Initiatives &amp; Action)</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Innovation Program (District Objective #7)	X	√	√	√	√
High Availability (Resiliency) Program (District Objective #5)	\$X	\$X	\$X		
Work & Resource Planning Function (District Objective #5)	X	X	X	√	√
Customer Management System Replacement (District Objective #1)	\$X	\$X			
Customer Service Initiative (District Objective #1)	X	√	√	√	√
Long Range Technical Plan Program (District Objective #2)	X	√	√	√	√
HPI Culture (District Objective #6)	X	√	√	√	√
NESC Compliance Support Program (District Objective #5)	X	√	√	√	√

# Telecom Operating Unit Plan - One Page Summary

## How We Will Make a Difference....

- We will effectively manage our telecommunication assets through the alignment of the needs of the District with the latest technologies to deliver reliable and feature rich systems at the lowest overall cost.
- We will provide dependable voice and data communications over the telecommunication assets within the District while operating the system in a responsible and efficient manner.

## Key Outcomes Increasing Value To Customer-Owners

- Continue to develop and implement an Asset Management Program that instills a portfolio management discipline that defines strategies for asset maintenance and capital investment in fiber assets.
- Provide effective telecommunication engineering services to District business units in support of their business needs

## Key Variables (known unknowns)

- Some communications sites are leased and subject to third party actions
- Changes to FERC/NERC/WECC regulatory compliance requirements relating to the transport and protection of data (information) associated with the operations of generation and distribution of electricity

District Supported Priorities (Initiatives & Action)	2020	2021	2022	2023	2024
Telecom Asset Management Program (District Objective #2)	X	X	X	X	X

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

How we will make a difference					
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 outcomes increasing value to customer-owners					
<ul style="list-style-type: none"> <li>• Diversify 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>○ Anticipate, monitor and influence the evolving power markets in the West and put the District in the best position to maintain value for our customer-owners.</li> <li>○ Provide products and services that are responsive to changing market and regulatory 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>• Preserve and enhance the value of our hydro system by increasing the efficiency and effectiveness of independent operations and work with upstream and downstream project owners to identify cost effective options for future coordinated operations.</li> <li>• Enhance energy efficiency acquisitions above compliance requirements that lead to increased customer satisfaction, net revenues, and economic development.</li> <li>• Provide energy solutions that anticipate and respond to customers changing energy needs; leading to outstanding customer experience.</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.</li> <li>• Curtailment of large baseload resources, and low natural gas prices.</li> <li>• California energy market regulatory regime.</li> <li>• Implementing Two Dam Independent Project operations.</li> <li>• Distributed energy resources becoming more viable.</li> <li>• Lower avoided costs could decrease the number of energy efficiency programs impacting customer satisfaction.</li> <li>• Regulatory uncertainties at the State and Federal level.</li> <li>• Energy Imbalance Market (EIM), and Extended Day Ahead Market (E-DAM) and a trend towards more organized markets (either EIM or Regional Transmission Organizations) could change market dynamics and impact the Mid C hub.</li> <li>• Customer adoption rate of new technologies, energy efficiency measures, etc.</li> </ul>					
District Supported Priorities (Initiatives & Actions)					
	2020	2021	2022	2023	2024
Implement Customer Energy Solutions Workplan	\$X	\$X	\$X	\$X	\$X
Implement Board Approved Electric Vehicle Strategy	\$X	X	X	X	X
Actively Participate in Electric Market Development	X	X	X	X	X
Stabilize and enhance wholesale electric revenues	√	√	√	√	√
Develop and Negotiate New Contracts and/or Strategy to Replace Long-Term Contracts	X	X	X	X	X
Implement Plan for Two-Dam Independence Project: Achieve Benefits from Coordination with other Columbia River Projects.	√	√	√	√	√
Implement Longer-Term Strategic Marketing Plan to Address Changing Market Conditions Consistent with Strategic Plan	√	√	√	√	√

Advance Carbon Strategic Goals Related to IRP and Carbon Planning	√	√	√	√	√
Develop Large Retail Customer Development Plan: Option for New Large Loads, Served from Carbon-Free Resources Outside the District's portfolio, while Minimizing Cost/Risk for Existing Ratepayers	\$X	\$X	\$X	√	√
Execute 80% of capital plans on schedule and within budget	√	√	√	√	√
Develop Strategies to Provide Hydro/Wind/Solar Products to New Customers	√	√	√	√	√
Negotiate New Contracts with US Entity to Replace CEAEA and PNCA by 2023	√	√	√	√	
If Commerce grant is Awarded in 2019, Deploy Battery Solution at Columbia Station to Offset 600kW Induction Fast Chargers	\$X	\$√			
Be Recognized as an Expert on Hydropower Valuation that is Reflected in Markets, Legislation and Regulation (aligning with other hydropower owners)	√	√	√	√	√
If DEED Grant is Awarded in 2019, Install Battery System at Stehekin to Reduce Diesel Usage and Provide Peak Shaving Opportunities	\$X	\$√			
Redesign Solar/SNAP Program to be On-Par With Business Case for Energy Efficiency Programs	√				

\$X - Incremental Investment and Internal Resource Efforts

X - Incremental Internal Resource Efforts

\$√ - Incremental Investment and Ongoing Internal Resource Efforts

√ - Ongoing Internal Resource Efforts



## District Services Operating Unit Plan – 2020-2024 Summary

### How we will make a difference

Dedicated to enhancing the quality of life in Chelan County by enhancing 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 the success of District operating units.

### Key outcomes increasing value to customer-owners

- Leverage engineering and procurement resources to ensure the District achieves its strategy to increase investments in assets that create long-term value, with a particular emphasis in the next few years on our hydro assets and facilities, supporting the effort to achieve 89% generation capability
- Pursue credit for early action in hydro relicensing and complete approved projects
- Meet and/or exceed all obligations under our hydro license requirements, including fisheries protection and recreational opportunity enhancements (including HCP check-in in 2021, Chelan River UAA, oil and temperature NPDES, and HCP NNI report in 2023)
- Administer the public power benefit program
- Partner with low-income and Hispanic/Latino customer-owners to include their perspectives in PUD decision-making, as we enhance communication around issues customer-owners care about
- The District will realize contracting, construction and procurement efficiencies through internal process improvements and by utilizing alternative contracting processes authorized by State statute
- Achieve tax parity for hydropower
- Maintain public trust and retain high satisfaction rating from our customer-owners
- Implement asset management plans for the most critical assets
- Fire risk strategy is successfully implemented and advanced legislatively

### Key Variables (knowns/unknowns)

- Constantly changing political 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	2020	2021	2022	2023	2024
Execute on long range facilities planning (including Rocky Reach, Rock Island and Service Center)	\$X	\$X	\$X		
Conduct project survival verification studies at Rock Island and Rocky Reach	\$X	\$X			
Complete second 10-year HCP Comprehensive Progress Report assessing overall status in achieving No Net Impact (NNI) for plan species.				\$X	
Implement a strategy for relicensing the Rock Island Hydro Project that includes credit for pre-licensing hydro investments and protects our existing investment	\$X	\$X	\$X	\$X	\$X
Evaluate and identify opportunities to improve and more efficiently provide project management and contracting services to support long-range facilities planning and repair and modernization of hydro units as well as other District project work	X	√	√	√	√
Support hydro generation projects achieving 89% capability	\$X	\$X	\$X	\$X	\$X

## I. HR Operating Unit Plan – 2020-2024 Summary

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

Human Resources will partner in creating meaningful work, industry-leading services and development-focused performance management that will lead 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 outcomes increasing value to customer-owners

Human Resources will:

- Partner with District leaders to enhance employee performance by providing access to a full range of job-specific development opportunities for each job including executive, leadership and supervisory development, as well as training for subject matter experts;
- Strive toward greater diversity in the workplace and a District workforce that increasingly reflects the diversity of our community;
- Attract the best available talent in an increasingly competitive labor market by making the District an employer of choice with competitive compensation, employee benefits and development opportunities;
- Monitor emerging trends in providing employee benefits and find ways to provide cost-effective benefits that attract highly qualified candidates and promote superior retention while bending the health care cost curve; and,
- Prepare the District to meet an uncertain future by valuing and encouraging diversity and innovation.

### Key Variables (known unknowns)

- Disruptions to the nature of work and how it is performed due to changes in technology, energy markets 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 through retirements predicted during this 5-year period;
- Impact of generational and cultural differences between the current workforce and the workforce of the future.

District Supported Priorities (Initiatives & Action)	2020	2021	2022	2023	2024
Provide influential input on employment, benefits, labor and safety regulations and legislative proposals during the legislative sessions and rule-making processes. (Objective 2)	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. (Objective 5)	X	X	√	X	X
Perform targeted hiring based on prioritized needs – Make job offers by December 1 <sup>st</sup> for 90% of new positions that are approved to fill before September 1 <sup>st</sup> . (Objective 6)	X	X	√	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. (Objective 6)	\$X	\$X	\$X	\$X	\$X

Develop and implement a 5 year leadership development program for executives and emerging leaders. (Objective 6)	\$X	\$V	\$V	\$V	\$V
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. Objective 6)	X	V	V	V	V

<b>Business/Operating Unit Key Initiatives &amp; Actions</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Conduct career-related outreach programs including diverse applicants. (Objective 2)	V	V	V	V	V
Negotiate changes to the personal leave (PL) and paid sick leave (PSL) provisions of the collective bargaining agreement to better meet the District's needs. (Objective 5)	X	X			
Conduct a salary survey of specified jobs to inform collective bargaining agreement negotiations in the year prior to the expiration of the labor agreement. (Objective 5)	X			X	
Develop and implement plans to comply with evolving employment regulations, statutes and case law. (Objective 5)	X	V	X	V	X
Prepare for relocation to new Service Center facility by converting from paper to electronic files when possible and when compliant with regulatory requirements. (Objective 5)	V	V	X	X	X
Review, evaluate and update, as needed, six policies (employment and personnel, 101-130, or education and training, 201 and 202) each year. (Objective 5)	V	V	V	V	V
Develop innovative health benefits solutions that meet the District's interests in financial sustainability while maintaining a high standard of health care for our employees and their families. (Objective 5)	V	V	V	V	V
Review compensation program for effectiveness and compliance; make recommendations and implement according to adopted plans. (Objective 5)	V	V	V	V	V
Evaluate potential software solutions for managing job descriptions and implement if an appropriate solution is identified. (Objective 5)	\$X				
Evaluate potential software or outsourcing solutions for simplifying management of W-4 forms and multi-state payroll tax compliance. (Objective 5)	\$X				
Evaluate potential software outsourcing solutions for managing I-9 and eVerify processes. (Objective 5)	\$X	\$X			
Evaluate usefulness of Enablon (GRC) software for Human Resources compliance functions in 2021; make a decision whether to implement; if decision is positive, implement in 2022-2024. (Objective 5)		V	\$X	\$X	\$X
Implement actions designed to favorably bend the health benefits cost curve. Evaluate alternatives and address each of the cost components of providing health care: claims, administrative fees, stop loss insurance, plan design and premium structure.	X	X	X	X	X

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

## I. Safety & HPI Operating Unit Plan – 2020-2024 Summary

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

We make a difference for the District’s customer-owners by developing and promoting an operational culture that minimizes the impacts of errors on quality, production and safety, maximizes organizational learning, collaboration and continuous improvement, and exceeds regulatory compliance, in order to protect our employees, mission and resources for the long term.

In the next year, this mission includes beginning a journey to establish an objectively measurable Operational & Safety Excellence culture. In 2020 we will begin to develop a pilot program utilizing research and benchmarking to assess the potential value of becoming a member of the Campbell Institute. This will help define metrics for achievement of top quartile safety performance among peer utilities. The Campbell institute is a world wide leader in defining environmental health and safety (EHS) excellence. This culture change will empower a network of District leaders to co-own the transformations in their business units. From a learning organization perspective, we will build a District communication network for sharing learning, tools and success stories in both safety and HPI, and will continue to advance how our employees plan for, execute and learn from work to minimize the impact of errors, reduce waste and sustain excellence.

### Key outcomes increasing value to customer-owners

- A well-defined safety compliance practice and strategy, built on benchmarking and partnerships with regulatory, consulting and industrial partners, which acts as the foundation of a proactive and measurable safety culture.
- A developed safety coordinator practice that emphasizes and standardizes subject matter expertise, safety consultation and field practice
- Expert and benchmarking-driven investigative and Just Culture practice, resulting in stronger organizational learning and defensible investigative outcomes
- Practically-focused District training plan, focused on empowering through simple error tools and concepts
- Focus on empowering predictable, efficient and disciplined production, quality and safety

### Key Variables (known unknowns)

- Impact of work planning process on current quality, production and safety outcomes
- Ability to quickly expand Safety & HPI department to meet the need for program expansion and solution creation
- Changes or shifts in occupational safety regulations and landscape
- Impacts of latent organizational weaknesses and embedded historical errors on employee safety
- The view of production deadlines and safety practices as competing forces, rather than complimentary

District Supported Priorities (Initiatives & Action)	2020	2021	2022	2023	2024
Drive adoption of Human Performance Improvement (HPI) culture throughout organization	\$X	\$X	\$X	\$X	\$X
Develop and implement a pilot project for HPI that uses Campbell Institute best practices for achievement of top quartile safety performance among peer utilities.	\$X	\$X	\$X	\$X	\$X

# Finance & Risk Operating Plan 2020-2024 Business Plan Summary

## How we will make a difference...

We will promote prudent financial and risk disciplines, continue strategies to optimize our debt portfolio, and advance utilization of data analytics and business intelligence tools to support decision making, all to add value, keep the District financially strong and keep rates stable and affordable for our customer-owners.

## Key outcomes increasing value to customer-owners

- We will make prudent decisions to remain among the top financially-rated (AA+) public power utilities in the country.
- We will maintain our debt leverage ratio below 35% and prepare the organization for reinitiating borrowing.
- We will maintain the confidence of the District's customer-owners through producing clean audit opinions.
- We will implement our data analytics/business intelligence roadmaps to advance our data-driven decision-making.
- We will improve a capital portfolio management discipline to assure the highest possible long-term value.
- We will ensure all decisions are supported by comprehensive forecast, economic and risk assessments.
- We will maintain/analyze the District's financial forecast model while overseeing financial objectives and targets.
- We will update cost of service analysis (COSA) to support rate design and identification of revenue requirements.
- We will provide risk expertise and oversight to support optimizing wholesale revenue to achieve financial goals.
- We will mitigate risks through loss prevention/control and risk transfer to optimize value for customer-owners.

## Key Variables (known unknowns)

- Insurance premium levels are contingent on District's claim experience and market factors beyond our control.
- Insurance providers have increased focus on wildfire risks that could significantly impact coverage / premiums.
- Staffing levels and/or resource needs may increase pending energy/imbalance markets and large load contracts.
- The District continues to seek market opportunities to reduce uncertainty of wholesale position / revenue forecast.
- Ever-increasing regulatory requirements and volatility associated with long-term capital plans.
- Large loads/changing power markets add uncertainty to portfolio/risks for rates, cost recovery and surplus subsidy.

District Supported Key Initiatives/Actions	2020	2021	2022	2023	2024
Continue debt reduction with scheduled principal pymts	\$39M	\$42M	\$44M	\$46M	\$50M
Maintain or enhance AA bond ratings	X	X	X	X	X
Receive clean audit opinion and no material deficiencies	√	√	√	√	√
Refine and execute the business planning cycle	√	√	√	√	√
Update COSA to support retail revenue planning/rates	√		\$X		√
Lead enterprise wide effort to comprehensively test business continuity plans	√	√	√	√	√
Implement Business Intelligence/Data Analytics roadmaps	\$X	\$X	\$X	\$X	\$X

Business/Operating Unit Key Initiatives/Action	2020	2021	2022	2023	2024
Finance Systems Maintenance, Enhancements and Process Improvements	√	√	√	√	√
Debt Issuance Actions - Debt Portfolio Optimization and Management	\$X	√	\$X	√	√
Advance the capabilities District's Financial Forecast Model	√	√	√	√	√
Develop a District-wide benchmarking program	X	√	√	√	√

\$X - Incremental Investment and Internal Resource Efforts

X - Incremental Internal Resource Efforts

\$√ - Incremental Investment and Ongoing Internal Resource Efforts

√ - Ongoing Internal Resource Efforts

# Information Technology Operating Plan

## 2020-2024 Business Plan Summary

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

Help all staff members at the District achieve more through the use of information and technology.

### Key actions which will increase value to customer-owners

- We will be relentless in protecting against cyber-security risks and will continuously strengthen our programs based on industry principles, analysis and guidance
- We will provide a highly available, secure and resilient computing environment
- We will partner with other business units to provide technical tools and processes to help them achieve their goals and to facilitate continuous improvement for enhancing the customer owner experience
- We will improve user efficiency by enhancing user interfaces within business applications to be more consistent with fewer mouse clicks
- We will partner with other business units to implement District-wide technology roadmaps
- We will devote staff time (including utilization of IDPs) to explore emerging technologies and innovations primarily in the 4 key areas of focus: increasing generation capability, distribution reliability, safety and efficiency projects
- We will implement IT projects on-schedule and within budget

### Key variables (known unknowns)

- IT staffing levels and resources will likely need to increase as the District pursues large initiatives such as AMI, ADMS and mobile computing. Steps such as road mapping, vendor selection, project scoping and detailed planning will help inform resources requirements and justifications.
- Ability to compete for and retain top IT talent including succession planning considerations
- Ability to staff IT adequately to meet District and Business Unit initiatives, requirements and relevant metrics while maintaining a highly available, secure and resilient computing environment
- IT is, and will continue to utilize the Cyber Security Maturity Model (C2M2) in order to determine and analyze cyber-security staffing requirements and action plans

District Supported Key Initiatives/Actions	2020	2021	2022	2023	2024
Upgrade Customer Information System (CIS)	\$X	√	√	\$X	√
Strengthen Cyber Security Program – Business Systems	\$X	\$X	\$X	\$X	\$X
Implement GIS, Enterprise Mobility, Technical Foundations and Business Intelligence/Data Analytics Roadmaps	\$X	\$X	\$X	\$X	\$X
Evolve GRC Accountability and Processes	√	√	√	√	√
Advance Intelligent Grid (two-way metering) capabilities	\$X	\$X	√	√	√
Participate in ADMS Implementation	\$X	\$X	\$√	\$√	\$√
Develop/Implement/Maintain Business Continuity Plan	√	√	√	√	√
Execute IT capital plans on schedule and within budget	√	√	√	√	√
Business/Operating Unit Key Initiatives/Action	2020	2021	2022	2023	2023
Maintenance, Monitoring and Analysis of Logs	X	X	X	X	X
Annual Incremental Maximo Upgrade	\$√	\$√	\$√	\$√	\$√
Develop and implement new Dispatch Log	√				
Standardize the District’s Data Model	X	X	X	X	X
Fiber Portal Replacement	\$X	\$X			
Upgrade Primavera		X	X	X	
Reduce IT Department Backlogs	X	X	X	X	X

**\$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 2020-2024 Business Plan Summary

## How we will make a difference

To 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.

## Key outcomes increasing value to customer-owners

- Understand and effectively manage all known compliance risks.
- Reduce risk of financial or other penalties associated with increasing regulatory environment and compliance requirements through pro-active issue understanding and management.
- Provide cost effective legal support to Energy Resources with understanding and influencing the electric power markets that impact PUD revenues.
- Advise human resource on issues affecting District.
- Support the continuing efforts to update and improve coordinated river operations and agreements.
- Actively engage Rock Island relicensing strategic planning efforts.
- Provide cost effective legal support for the District’s reinvestment efforts to include Rock Island rehabilitation and Rocky Reach generator repairs.
- Support the District’s rate design efforts to include New Large Load, High Density/EUI, Distributed Generation and 2-Way Metering.
- Provide cost effective legal support and increased efficiency for the District’s internal contracting process.
- Continue to conduct audit reviews and provide assistance.
- Advise the District on state and federal legislative efforts.
- Provide cost effective legal support to the District’s Board of Commissioners.

## 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)	2020	2021	2022	2023	2024
Columbia River Treaty	X	X	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
Support PNW regional transmission planning efforts	X	X			
Participate in long term power contract alternatives strategy	X	X	X	X	X

Support regional asset planning efforts	X	X	X	X	X
Support environmental and permitting efforts	X	X	X	X	X
<b>Business/Operating Unit Key Initiatives &amp; Action</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
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
Work with District Services to modernize procurement practices and increase efficiency of internal contracting processes.	X	X			
Manage alternative procurement methods	X	X			



## Board & General Manager Operating Unit Plan 2020-2024 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	2020	2021	2022	2023	2024
<i>Manage to key outcomes: high customer satisfaction, meet financial metrics, operate to strategic plan, support public power.</i>					
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	2020	2021	2022	2023	2024
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