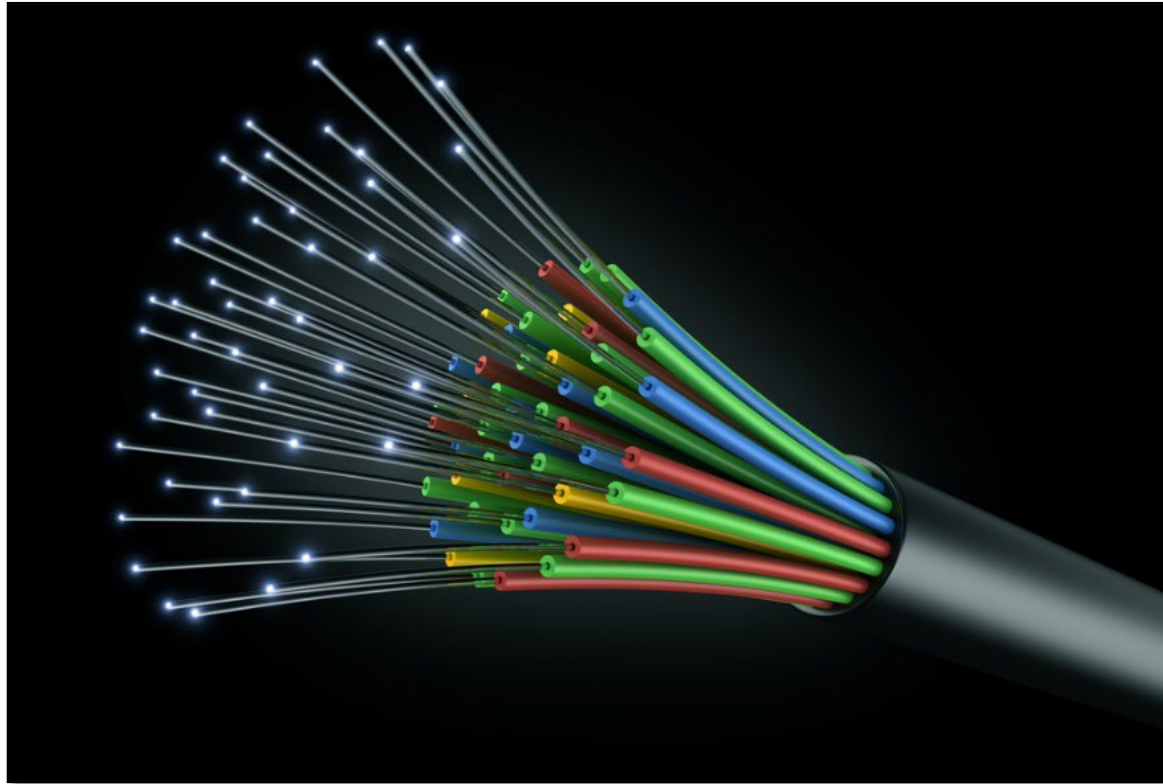


Fiber Expansion (Homestretch) Update



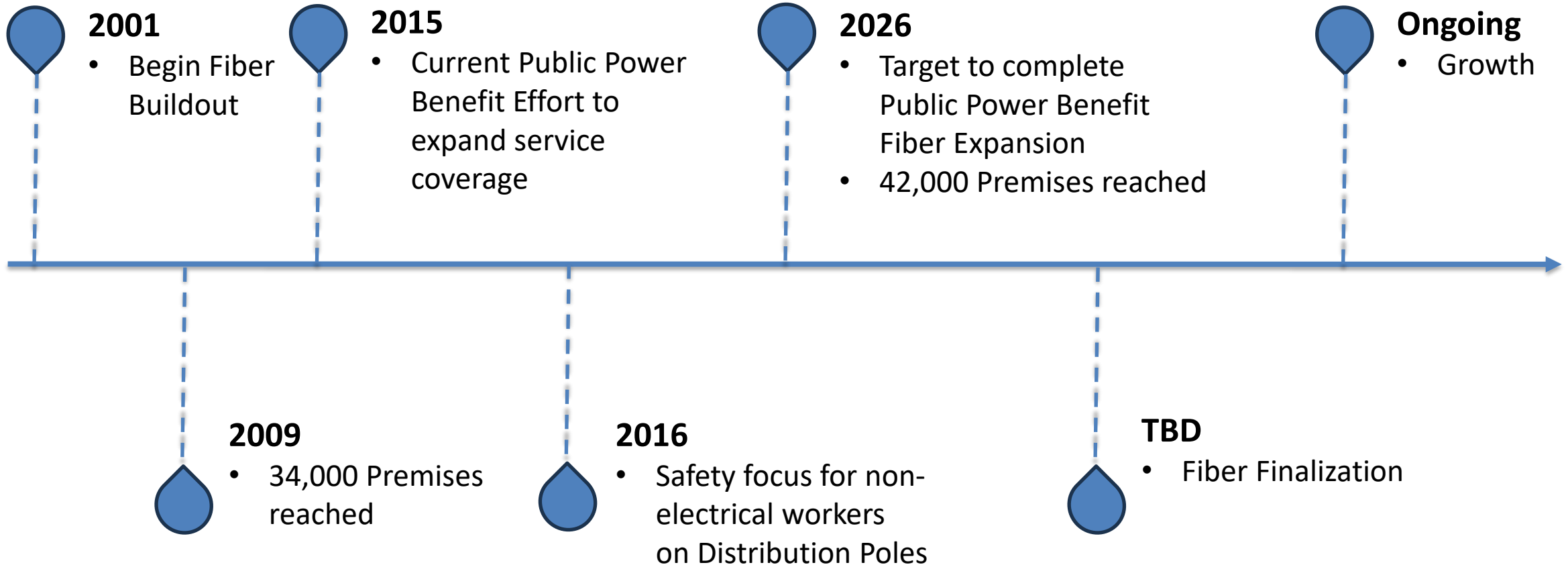
Presented by Chad Bowman & Toby Tarzwell
November 6, 2023

Why We Are Here

- Earlier this year, the Board expressed their desire to extend fiber expansion beyond the current plan set for completion in 2026
- Today we are providing an update on that plan

Seeking Board feedback - no decisions required today

Where We Have Been

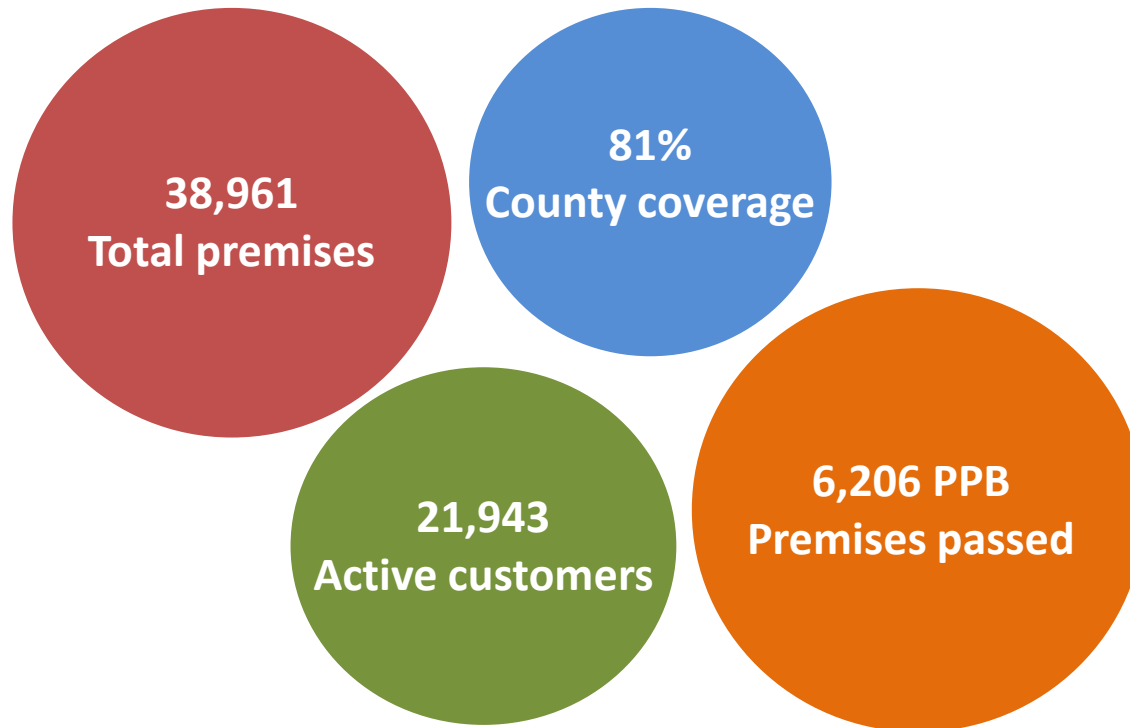


Where We Are Today

Fiber and Telecom

Monthly Insights

September 30, 2023



56.3%

Take Rate

Take Rate: Percentage of lit premises with active service



Lessons Learned

- Significant make-ready work and easement acquisition
- District staff resource requirements
- Distribution system benefits:
 - Asset life renewal
 - System reliability
 - Fire mitigation
 - Safety (National Electric Safety Code)

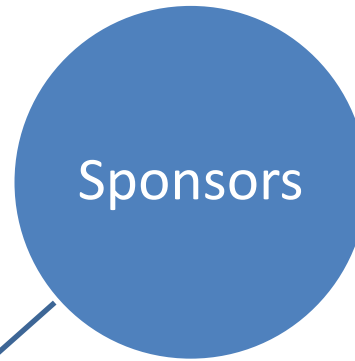
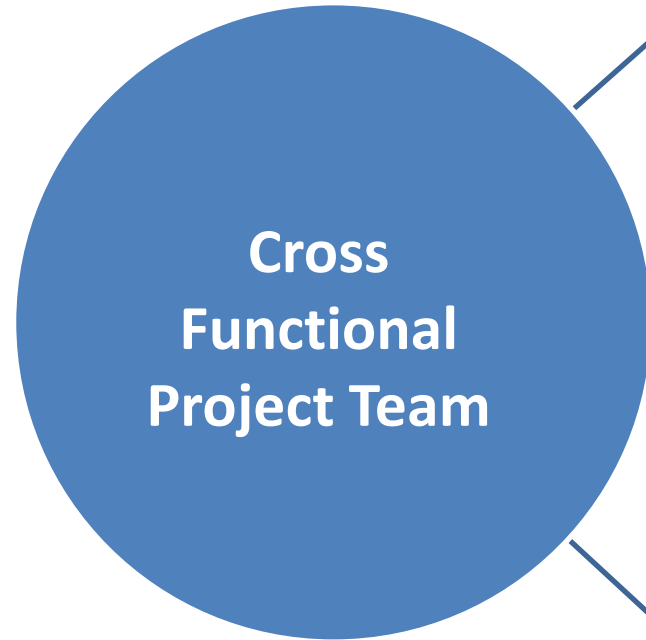
Where We Are Going

Working to develop the plan to clearly define when fiber expansion is complete and provide alternatives

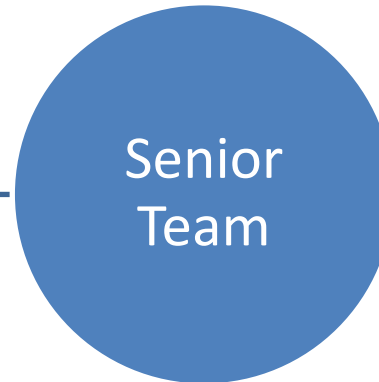
Goals for fiber homestretch plan:

- Develop maps of unserved areas
- Finalize a plan to select and connect unserved areas
- Utilize line extension policy for routine growth and expansion

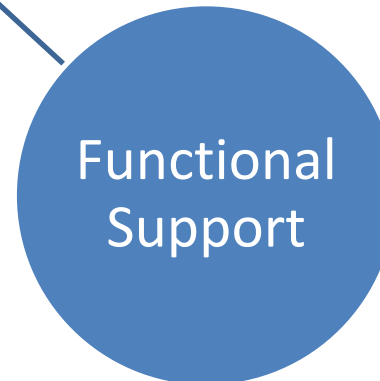
- Toby Tarzwell
Project Manager
- Micah Lenderman
Senior
Management Analyst
- Kevin Vaughn
GIS&CAD Supervisor



- Chad Bowman
Dir Project Delivery
- Chad Rissman
Dir Distribution Asset Mgmt
- Jennifer Pickel
Fiber Bus Mng



- Bob Shane
Mng Dir Fiber
- John Stoll
Mng Dir Cust Utilities
- Justin Erickson
Mng Dir District Services
- Kelly Boyd
Chief Financial Officer



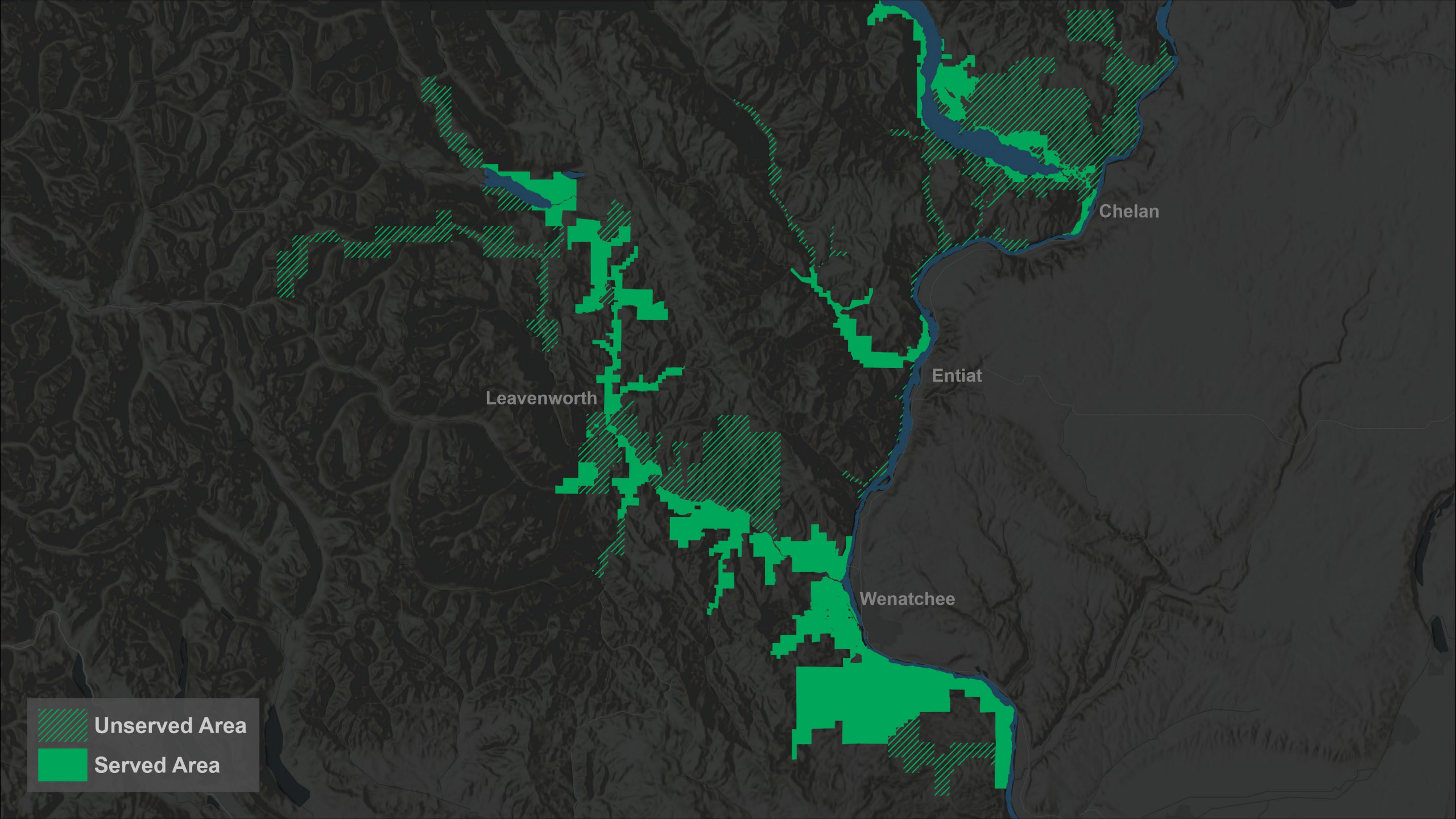
- Customer Outreach
- Real Estate Services
- Customer Utilities
- Fiber & Telecom

Challenges

Half of distribution system miles serves 85% of customers
Other half to serve remaining 15% of customers

Challenges:

- Remote areas
- Low population density
- Significant distribution system needs
- Increased cost and timeline
- Material and supply chain
- Easement and permits
- Contractor availability



Chelan

Leavenworth

Entiat

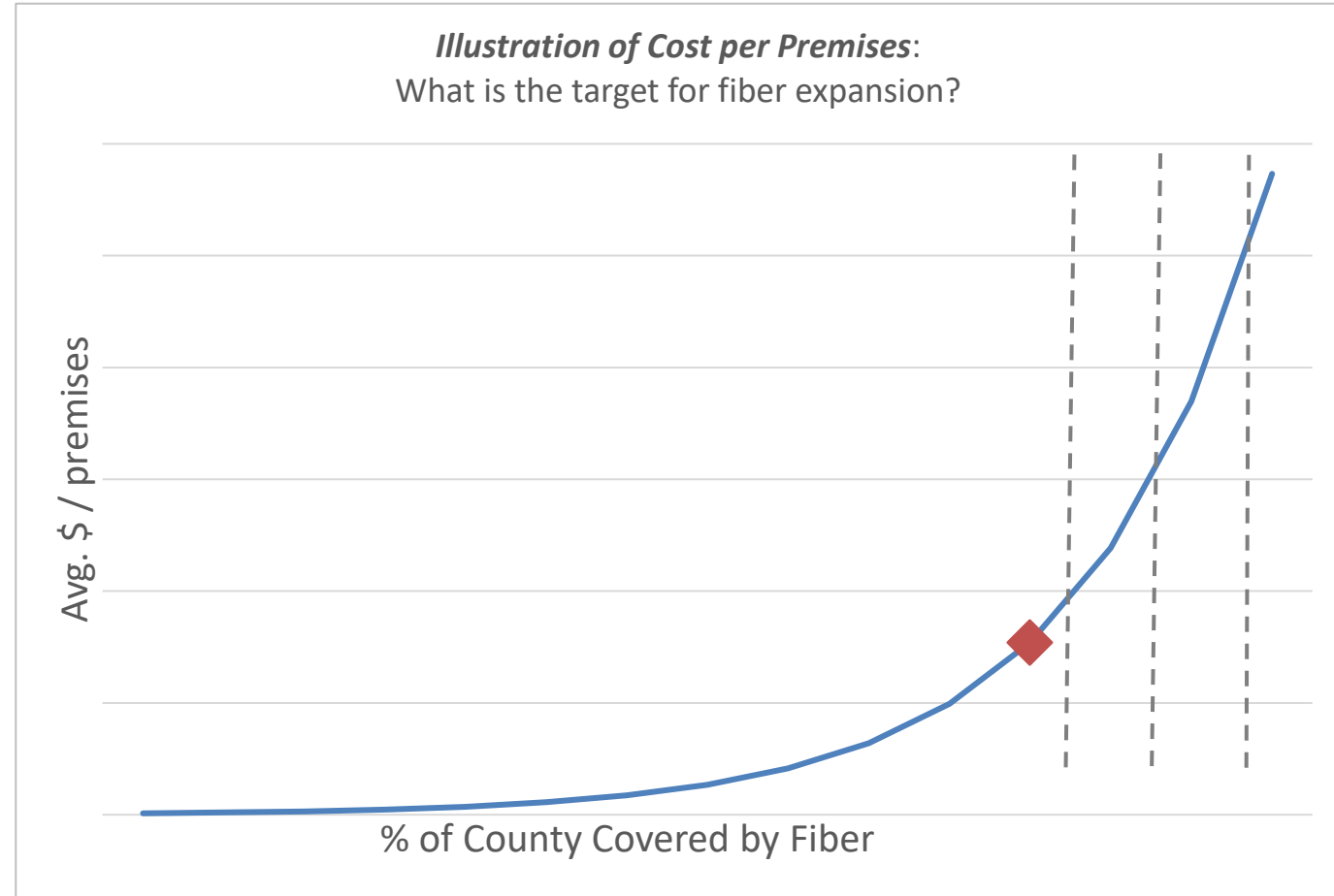
Wenatchee

Unserved Area

Served Area

Project Overview

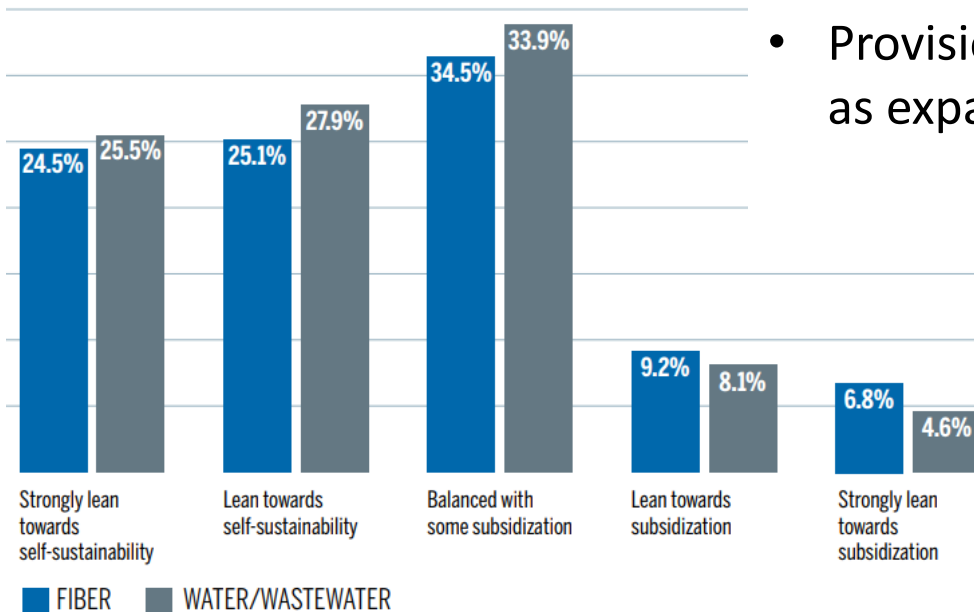
- Estimated \$15k - \$25k+ per premises
- About 6,000 – 7,000 customers remaining
- Includes distribution system and fiber connection costs
- Recommend excluding Stehekin and Stevens Pass
- Develop method to select unserved areas for final expansion



Strategic / Policy Questions



- 2025+ Strategic Plan presents an opportunity to consider policies and strategy and engage with customer-owners in 2024 (could also be reevaluated by Board sooner)
- Should the fiber business line continue towards self-sustainability as identified in the Strategic Plan
- Provision of high-speed broad band service is currently thought of as expansion of Fiber, are there other alternatives to consider



Seeking Guidance

Current characteristics:

- Goal for fiber to be financially self-sustaining
- Fiber expansion drives distribution asset renewal
- High speed broadband is provided by District fiber
- Maximize premises per dollar



Options:

- Consider alternatives to financial self-sustainability
- Distribution Asset renewal drives Fiber expansion
- Other broadband technologies influence District fiber expansion
- Define long-term plan for unserved areas

Seeking Board guidance - no decisions required today