Public Power Benefit Update
Fiber Acceleration Assessment

August 3, 2020

No Action Required
Why We’re Here

• Question: “Can we accelerate the Fiber Public Power Benefit (PPB) program?”
  – Captured in our 2020-2024 Strategic Plan
  – Identify the benefits and costs for customer-owners and District
  – What it would take to be successful
  – Impacts to existing priorities
    • Current pace of Fiber PPB
    • Electric system Make Ready work

• Seek Board guidance on recommendation
Can We Accelerate Fiber PPB Expansion?

- High-level assessment performed by District team:
  - Fiber, Customer Utilities, Legal, Procurement, Engineering and Project Management and Real Estate Services
  - Looked at each business unit’s workload, priorities and resources
    - Desire to maintain current projects and priorities
    - Not increase staffing levels
    - Performed Decision Evaluation Criteria
  - Explored variations to optimize outcome with a balance on priorities and resources
Consensus Reached

• The assessment supports acceleration on a portion of the buildout by two years
  • Proposal to accelerate four areas of the county
    • 1,274 premises lit by year-end 2024
    • PPB funded service connections completed at the end of 2025
  • Infill acceleration not recommended at this time
    • Evaluate for later consideration
  • Usage of contractors to minimize priority impacts
Planned Expansion Areas

• Areas in plan proposed for acceleration
  – South shore of Lake Chelan
    • North of state park to 25 Mile Creek
  – Manson
    • Dry Lake Road
  – Entiat River Valley up to Ardenvoir
  – Lower Blewett Pass
    • Hwy 97/2 junction to end of Campbell Road
How It Can Be Done: Resources

• Utilize Engineering and Project Management
  – Adds formality to the process
  – Efficiency through expertise
  – Knowledge of procurement options

• External contracting services
  – Engineering and design
  – Pole assessments and analysis
  – Construction
    • Fiber installation
    • Electric system Make Ready Work
How It Can Be Done: Schedule

• 2020 – Resource planning through District budgeting process
  – Allocation of internal resources to support initiative
• 2021 – Procurement and engineering/design
• 2022 through 2024 – Construction
  – Make Ready Work as required
  – Fiber installation
How It Can Be Done: Funding

• Original areas estimated utilizing internal resources for engineering/design and certain types of construction
  – Resources approved through 2014 Strategic Plan
• Electric system Make Ready Work currently estimated utilizing external resources
  – Minimal additional funding requirements
• Additional funding required of $2M to accelerate
  – Revised PPB Fiber Expansion Program cost to $27M from $25M
• Move $4M into 2021 to start selected areas sooner in addition to the existing planned $4M in 2021 for a total of $8M PPB funding
  – Only a shift between years, no impact on $27M total cost
Key Known Unknowns

• Contractor availability and timing is assumed to exist for both electrical and fiber system support
• Market conditions for contractor availability could impact costs
• Condition of the electrical distribution system (poles)
  – Cost and effort needed for Make Ready Work will vary based on the results
• Availability and involvement of internal resources will be needed throughout the project, future changes in project priorities could impact the schedule or cost
Summary

• Can we accelerate Fiber PPB expansion? Yes!
  – Expansion areas only
  – Infill on current completion schedule
  – Change from utilizing internal resources to external resources for completion
  – Requires an additional $2M to the total PPB Fiber Expansion Program cost for acceleration
  – Shifts funding of $4M into 2021 to start project design sooner than previous plan (shifting of funds only – no impact to total project cost of $27M) for a total of $8M in 2021 ($4M original plan + $4M shifted to start sooner)
Next Steps

• Seeking board feedback on recommendation at next Board meeting

• If recommendation accepted
  – Funding the acceleration will fully allocate remaining 2020 PPB allocation as well as 2021 PPB allocation
    • $2M of 2020 allocation is remaining + the $6M 2021 allocation would be needed to fully fund the $8M request
  – Acceleration of PPB Fiber program will be included in the 2021 budget filing as capital projects for the identified areas