
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