

A scenic landscape featuring a calm lake in the foreground, a small town in the middle ground, and snow-capped mountains in the background. A weeping willow tree is visible on the right side of the frame. The sky is filled with soft, white clouds. The overall mood is peaceful and contemplative.

Testing a 5-Year Vision

What is the Best, for the Most, for the Longest?

Mission

Previously

- To provide sustainable, reliable utility services that enhance the quality of life in Chelan County.

Updated

- To enhance the quality of life in Chelan County by providing sustainable, reliable utility services.

Vision

- Previously: Vision
 - To be valued as an innovative, trusted, and highly respected public utility for generations to come
- Updated: Vision / Challenge
 - In a rapidly changing utility environment, we will provide: The Best Value for the Most People for the Longest Time

Vision

- Strategic Components of vision/challenge
 - Commit to highest levels of customer-owner satisfaction
 - Invest to create long-term value
 - Protect natural resources impacted by operations
 - Ensure financial stability
 - ★ – Continuously improve efficient, effective, compliant, risk-assessed and resilient operations
 - ★ – Advance human and organizational performance
 - ★ – Encourage innovation

Current Status

First Quartile

- Customer satisfaction
- Financials
- Fiber
- Reliability compliance

Second Quartile

- Hydro capability
- Retail reliability
- Safety

Third Quartile

- Customer Service technology



What Does Best Value Mean?

First Quartile

- Customer satisfaction
- Financials
- Fiber
- Reliability compliance

Second Quartile

- Hydro capability
- Retail reliability
- Safety

Third Quartile

- Information and Operations Technology



Innovation

- Stimulating innovation
 - Facilitating a culture that is open to change
 - Moving the pendulum tens, not 180 degrees
 - Implementing technology roadmaps
 - Encouraging ideas that create customer value (risk-assessed innovation/not every idea gets approved)
 - Management and Board reaction
 - Celebrate successful innovation ideas
 - Questioning attitude to red goals
 - Managing within planned workload
 - More data, better data access, purpose-driven analytics

Resilience

- Ability to weather unlikely, but not unanticipated, outcomes
- Requires resources to protect against low-probability events (think financial reserves)
- Supports a risk-averse culture
- Tied to risk management (probability x consequence)
- Tied to our highest priorities (e.g. employees, hydro capability, retail reliability, safety)



Tentative 5-Year Goals

- Customer-owner satisfaction exceeds 90%
- Overall electric rates that are resilient to wholesale market downturns and changing retail customer demographics
- Strive to have no overall electric rate increases above 3% for each of the next 5 years
- Water/Wastewater and Fiber business units have achieved or are on the path to independent financial sustainability
- Remain among the top financially-rated (AA+) public power utilities in the country

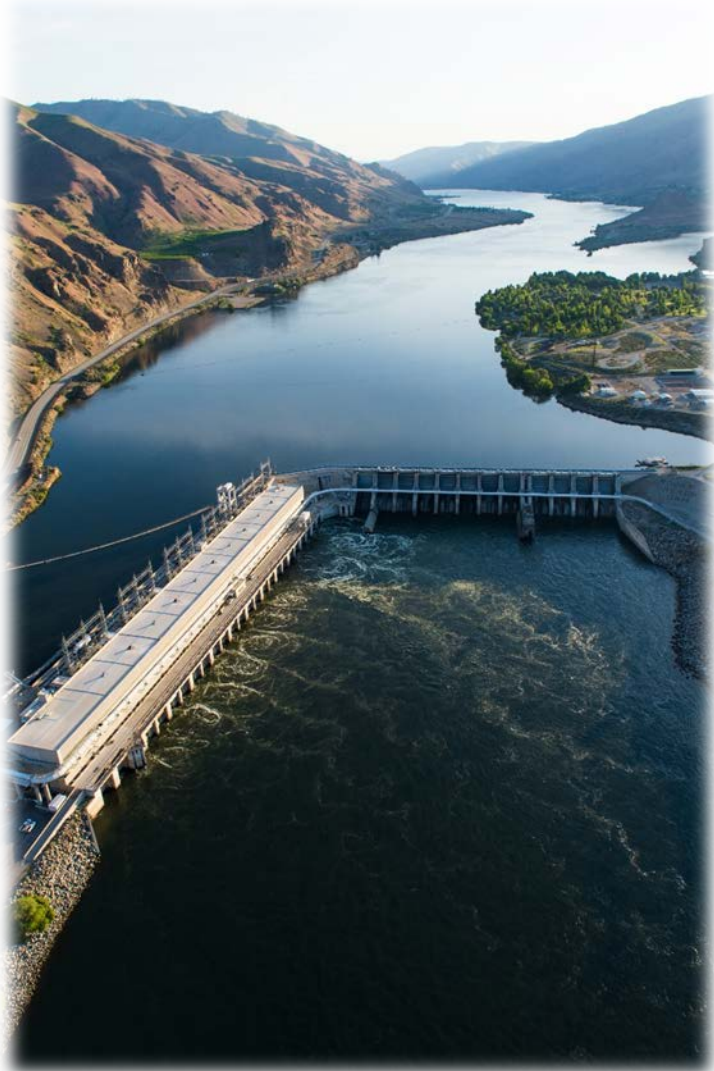
Tentative 5-Year Goals

- Hydro system capability at 89%
 - Complete Rocky Reach large turbine repairs, complete PH1 modernization, and complete forecast for PH2 modernization
- Hydropower Research Institute (HRI) is the premier source nationally for hydropower big data
- Chelan PUD gets a 10+ year warranty for PH2 modernization
- Hydropower will achieve tax treatment parity with solar and wind

Tentative 5-Year Goals

- Distribution system in top quartile for reliability
 - e.g. SAIDI and SAIFI, average minutes of customer outage
- Understand National Electric Safety Code (NESC) requirements with implementation plan for compliance
- 7 New substations completed
- CIS/AMI implemented and maintained
- Eliminate small wire failure
- Fire prevention activities plan completed and being implemented

Tentative 5-Year Goals



- Safety is in top quartile
 - metrics under development
- Capability and process in place to track leading indicators for safety
- Safety is an acknowledged component of every employee's job

Tentative 5-Year Goals

Investing in People

- Meaningful work, industry-leading services and development-focused performance management leads to measurable success in recruitment and retention
- Full range of job-specific development opportunities available for each job including executive, leadership and supervisory development, as well as training for subject matter experts
- Human Performance Improvement (HPI) is embedded in our culture
- Greater diversity in the workplace; workforce increasingly reflects our community

Tentative 5-Year Goals

Marketing

- Strategies implemented for long-term power contracts that expire in 2027
- Option for new large loads, served from carbon-free resources outside the District's portfolio, without increasing cost/risk for existing ratepayers
- Canadian Entitlement Allocation agreement renegotiated
- Pacific Northwest Coordination Agreement renegotiated
 - Coordination and headwater benefits
- Independent operations; achieve benefits from coordination with other Columbia River projects
- Recognized expert on hydropower valuation reflected in markets, legislation and regulation (as part of alignment with other hydropower owners)

Tentative 5-Year Goals

Transmission

- Open access transmission policies and rates implemented
- Active member of a Pacific Northwest regional transmission planning entity
- Mid-C (joint line) transmission project completed
- Execute fire hardening projects supported by community

Tentative 5-Year Goals

Environment

- Confirm compliance, complete survival study for 2021 HCP check-in
- Chelan River National Pollutant Discharge Elimination System (NPDES) is complete and state-approved
- Approved oil and temperature NPDES; strategies implemented
- Early actions completed and filed with FERC



Tentative 5-Year Goals

Technology/Innovation



- Technology/business intelligence roadmaps for
 - Hydro Digital Transformation
 - Automated Metering Infrastructure
 - Information Technology
 - Advanced Distribution Management System
 - Business Intelligence / Data Analytics
 - Mobile applications

Tentative 5-Year Goals

- Broadband reaches 85% of District residents, with a plan to reach nearly all subject to economic feasibility with a take rate exceeding 50%
- Water system second source identified, progressing toward operations
- Understand and effectively manage all known compliance risks
- Successfully implement and use alternative contracting methods to create the best value for the long term

Tentative 5-Year Goals

- Rocky Reach Discovery Center annually attracts 85,000 visitors and trains 100 teachers and 4,000 students on the value of hydropower
- Rocky Reach, Rock Island and Service Center facilities complete
 - Productivity gains achieved, silos reduced
- Increased efficiency in internal contracting processes

Tentative 5-Year Goals

- Asset management
 - Active asset management plans for the most critical assets
- Fire risk strategy implemented
 - Infrastructure hardening, vegetation management, operational policies, engagement with land management agencies
- Cybersecurity
 - Continuously strengthen programs based on industry principles, analysis, and guidance

Increasing Capability

- Streamlining processes
 - Integrate work among business units
- New technology adoption
 - Increase efficiency and effectiveness
 - Improved reliability
 - New products and services
- Workforce management
 - Large capital program
 - Opportunities for staff to grow skills

Increasing Capability

- Performance driven
 - Use of performance tools to achieve goals
 - Celebrate success, use warning signals to allocate additional resources
- Human Performance Improvement
 - Path to improved safety and operational excellence
- Agile and well-trained workforce
 - Individual Development Plans for all employees
 - Full menu of development options

Increasing Capability

- Use of contractors and consultants
 - Achieve key goals without incurring long-term financial risk
- Delegate consistent with sideboards
 - Decision evaluation criteria
 - Encourage greater delegation consistent with strategic direction/performance plan

