

Strategic Plan

Final Draft

October 7, 2019



Draft Strategic Plan – Final Public Review

- Strong outreach and media coverage
- Few comments on draft plan overall
- Public open houses were lightly attended:
 - Wenatchee: 12 participants
 - Leavenworth: 4 participants
- Written comments received: 13
- One formal letter from the City of Rock Island received September 11
- In addition, testimony was received from Mr. Salcido on September 16



Strategic Plan – Proposed Changes

- No changes proposed to Mission, Vision, Values
- No changes proposed to Strategic Priorities
- No changes proposed to Strategic Objectives
- Changes proposed to Planned Actions:
 - Long-Term Rate Planning: revised language related to energy usage charge reduction (notation eliminated) and financial assistance for the Dryden Wastewater Project (payment of balance of project after grant funding)
- Highlighted potential acceleration of the Fiber Program (decision Q1 2020)
- Noted that we will aggressively pursue conservation and energy efficiency efforts
- Specified that the lowering of our debt ratio will continue
- Clarified text under financial resiliency section (Strategic Priority #2)
- Minor stylistic, grammatical changes made throughout to improve readability

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Strategic 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
4. Engage in countywide growth planning and job creation efforts while ensuring the District's rates and policies remain stable and predictable



Mission

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

Vision

*In a rapidly changing utility environment, we will provide:
The Best Value for the Most People for the Longest Time*

Values

Safety

Trustworthiness

Stewardship

Operational Excellence

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Strategic Objectives/Components of Vision:

1. Commit to the highest level of customer-owner satisfaction
2. Invest in creating long term value
3. Protect natural resources impacted by operations
4. Ensure financial stability
5. Seek operational excellence through continuous improvement mindset
(with an emphasis on efficiency, effectiveness, compliance, risk-assessment, and resiliency)
6. Advance human and organizational performance
7. Encourage innovation



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Planned Actions:

Long-Term Rate Planning – Fiber/Water/Wastewater Rates

- Fiber business line should be financially self-sufficient by the end of the 5-year rate implementation period with 3% annual rate increases planned
- Water rate structure will lean towards self-sustainability, with annual rate increases of around 4% planned between 2020-2024
- Wastewater rate structure will lean towards self-sustainability, with annual rate increases of around 4% planned between 2020-2024 and an estimated \$1.5 million contribution from the electric business to pay the balance of the Dryden Wastewater Project
- We will work to better understand the costs of the Dryden Wastewater Project

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Planned Actions:

Long-Term Rate Planning – Electric Rates

- A roughly 3% annual electric rate increase will be implemented as part of updated rate designs
- The rate changes will support stable and predictable electric rates over the long term and protect against the risk of poor market conditions
- Low-income rate assistance and energy-efficiency programs will be concurrently reviewed in 2020 to help limit impacts to low-income customer-owners

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Planned Actions:

Growth and Economic Development

- Engage in countywide economic development matters provided rate impacts are minimal ($\leq 5\%$ incremental)
- Explore the development of “industrial hubs” to concentrate industrial load growth and minimize risk of stranded assets
- Review industrial retail rate structure and analyze costs and impacts of growing retail loads versus wholesale loads and explore new rate structures
- Pursue establishment of an liaison position to facilitate discussions with potential large-load customers
- Actively explore a hybrid-renewable resource based rate (with full cost recovery)

Aesthetics

- Retain current policy for customer-requested aesthetic improvements such as undergrounding of power lines where those who benefit will pay the added costs

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Planned Actions:

Public Power Benefit Program

- Program will be retained so long as financial resources are in place to support the effort
- Financial criteria will be modified to provide for continuation of the Program should the PUD reenter the capital borrowing market
- Program criteria will be updated in 2020 and projects will be solicited from the public

Early Action

- Solicit recreation and environmental early actions in 2020 and proceed with preliminary assessments. In doing so, we will seek to partner with project sponsors and obtain commitment to support a 50-year license

Strategic Plan – Next Steps

- Board Consideration of Adopting Resolution
- Continued integration of Strategic Plan into business planning
- Actions that require major effort:
 - Rate implementation (electric, fiber, water, wastewater)
 - Early-Action project vetting
 - PPB criteria review/update and solicitation process
 - Fiber acceleration evaluation
 - Implementation of technology roadmaps, performance/innovation efforts
 - Evaluate resiliency options for maintaining improved hydro reliability
 - Wholesale/retail energy sale analysis
 - Review of low-income and energy efficiency programs
 - Creation of an economic development liaison position
 - Improve retail reliability, increase resiliency and implement customer service enhancements

Many Thanks to Our Community...

- ✓ Customer-Owners
- ✓ Topic Team Participants
- ✓ Strategy Partners
- ✓ Stakeholders
- ✓ Mayors, City Councils, Community Councils
- ✓ Civic Clubs and Nonprofits and Service Agencies
- ✓ Board of County Commissioners, Board of Port Commissioners
- ✓ Key Accounts
- ✓ Chelan PUD employees



Strategic Plan

Discussion

