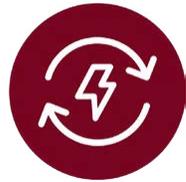


Public Power Benefit

Mike Coleman

Feb. 7, 2019



www.ourpublicpower.org

What is our Public Power Benefit Program?

- Provide a formal, consistent approach and criteria for distributing public power benefits designed to further enhance the quality of life in Chelan County
- Driven by the District's vision and mission statements
 - Vision: In a rapidly changing utility environment, we will provide: The Best Value for the Most People for the Longest Time
 - Mission: To enhance the quality of life in Chelan County by providing sustainable, reliable utility services.



Why did we offer the program?

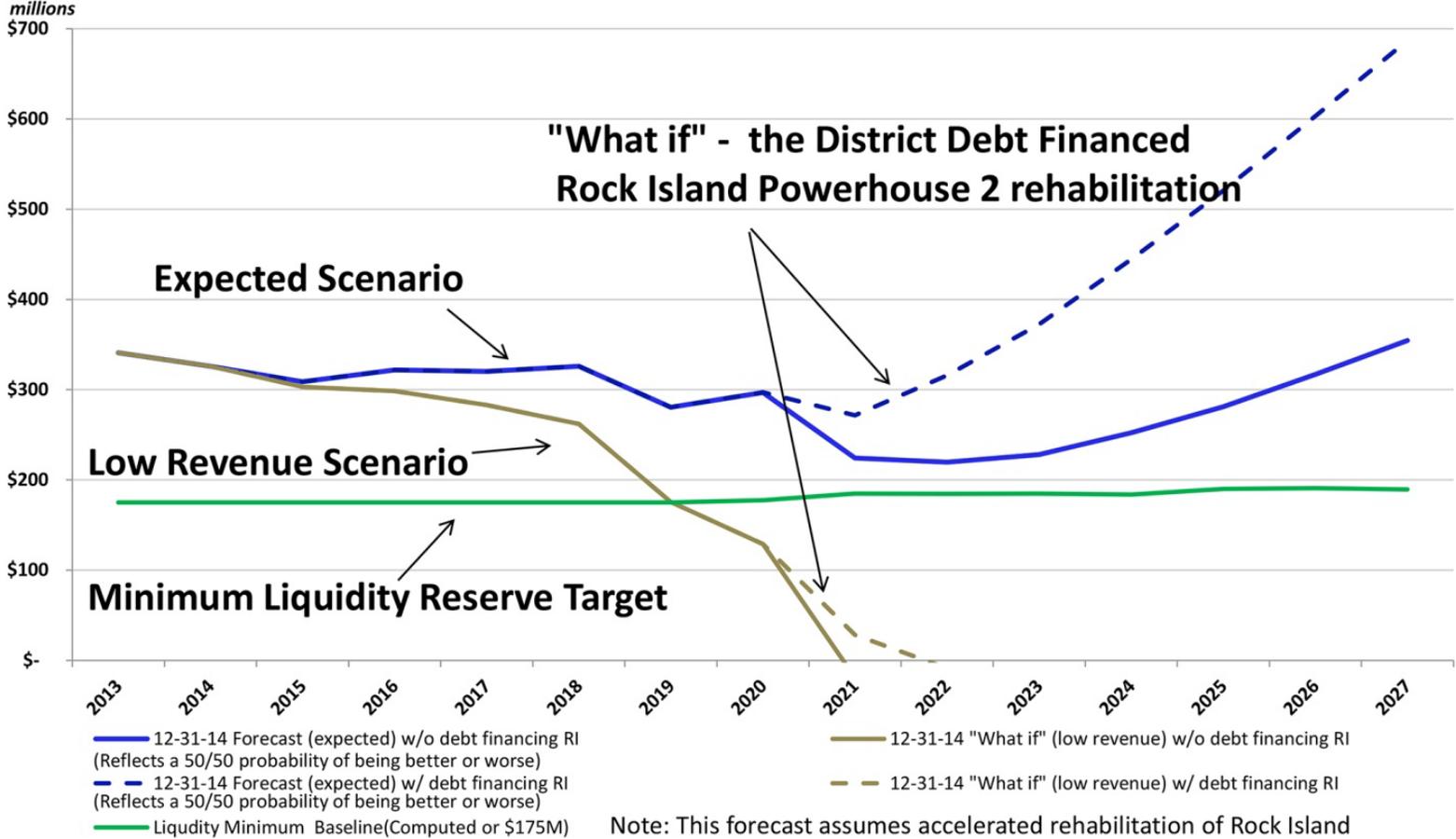
- Expectation that the PUD would continue to see growing net revenues – increasing our available cash
- Reflect our customer-owners' desire to invest excess back into our community
- Create value for our customer-owners – similar in concept to “stock dividends”
- Provide additional benefits beyond low rates



Reviewing from the Last Plan

Liquidity Forecast: Two Future Scenarios

(forecasts change as circumstances, assumptions, long-term plans and financial policies change)



Note: This forecast assumes accelerated rehabilitation of Rock Island Hydro which is still pending business case analysis and approval.



Board philosophy behind PPB

- Financially sound – use only excess revenues
 - Expectation that revenues would continue to grow
 - First priority is to maintain core assets and reduce debt
 - Funding commitment will be after revenue is earned
- Responsive – reflects views of our customer-owners
- Manageable – does not create excessive use of staff resources
- Measured – we will “crawl before we walk and walk before we run”



“We are taking a measured approach to any public power benefit spending,” said Commission President Ann Congdon. “Any additional spending will be evaluated carefully to ensure that we are taking care of our vital infrastructure first, improving the financial health of the organization, and that we aren’t obligating our customer-owners to spending beyond our means.”

April 6, 2015



2015-2019 – what did we do?

- Board formally approved up to \$20.2M of available funding between 2015 and 2019
- Not all of the available funding was allocated
- \$15.2M has been allocated to projects benefitting our customer-owners
- Some projects are still underway



Highlights of completed projects:

The Best for the Most for the Longest

Parks

- Days Use Passes: over 6,700 issued since July 2015

Fiber

- To date: over 2,600 premises passed since inception
- County coverage now at 75% with a target of 85-90%

Electric Vehicle Charging Stations

- Five stations at four locations
- 2,108 charging sessions courtesy of Cascade Autocenter

Plain Site Improvements

- Constructed a safe access to the Wenatchee River next to the Plain Substation

Hydro Research Institute

- Started a research hub in Chelan County to advance hydro operations nationwide



Program Limitations

- The projects must be consistent with Chelan PUD's existing authority as codified in RCW Title 54
- Cannot violate the anti-gifting provisions of the Washington State Constitution
- Must be consistent with existing District policies
- Projects must demonstrate tangible benefit and must not have a material adverse impact on the District's long-term sustainability



Looking ahead

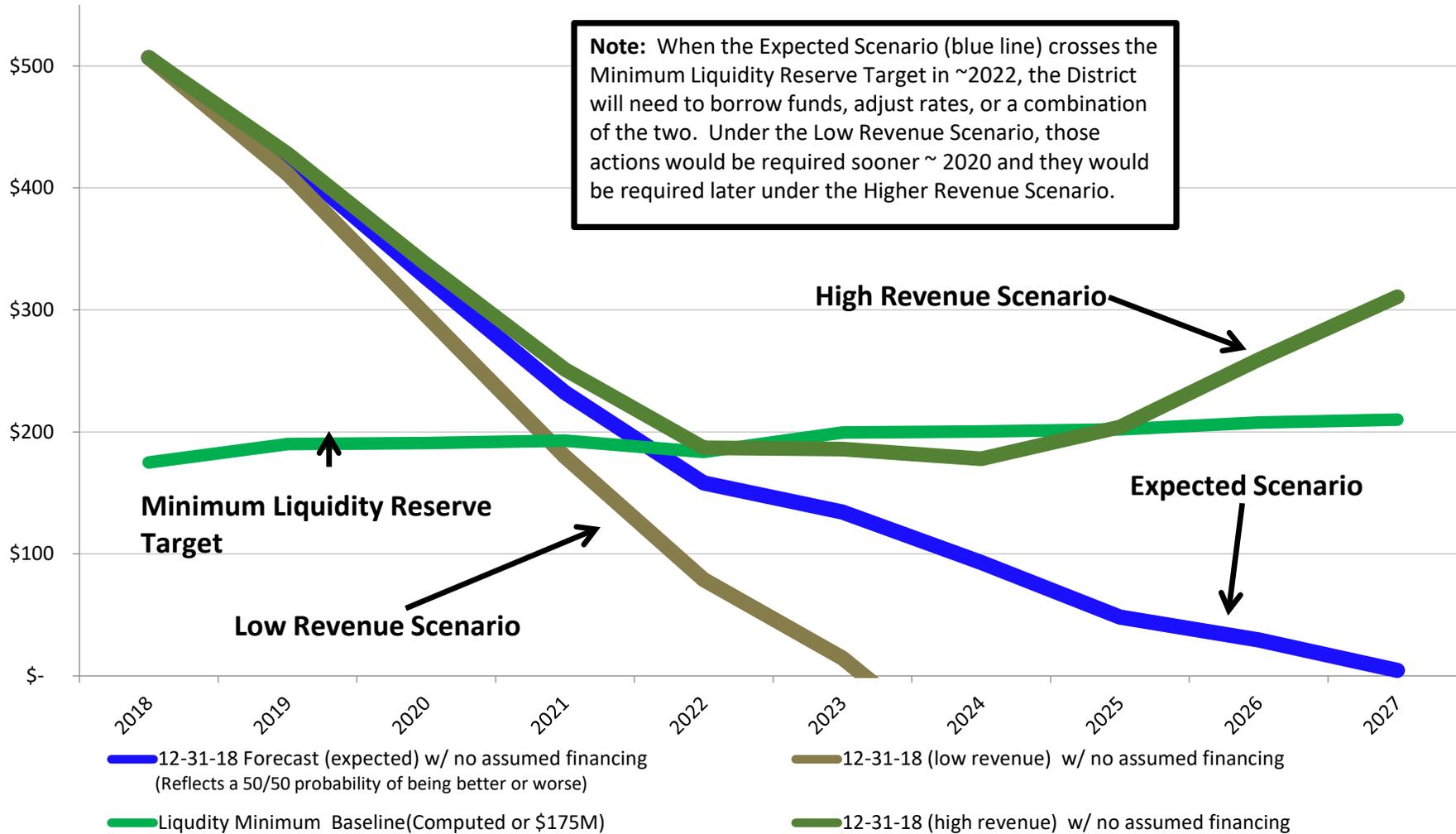
- Financial outlooks are increasingly less favorable than at program's launch four years ago
- PUD is financially sound
 - Met debt targets a year early
 - AA+ bond rating



District Liquidity Forecast

(forecasts change as circumstances, assumptions, long-term plans and financial policies change)

As of December 31, 2018 Forecast



Public Power Benefit Questions

- Should Chelan PUD continue to fund a Public Power Benefit program?
- If so, what activities should be considered for funding?
- How should these activities be prioritized?
- Should Chelan PUD revise or refine the criteria for funding Public Power Benefit activities?



Topic Team Next Steps

- Select topic team members
- Up to 3 meetings*:
 - Feb. 21, 9-11 AM – Should the PPB program continue?
 - March 7, 9-11 AM – Discuss criteria for PPB program funding and project selection
 - March 21, 9-11 AM – Finalize program criteria

* Members should be available for all 3 meetings



Desired Outcomes

- Conclude if Chelan PUD should continue to fund a Public Power Benefit program?
- If so, what categories of activities should be considered for funding?
- How should these activities be prioritized?
- How should Chelan PUD revise or refine the criteria for funding Public Power Benefit activities?



Public Power Benefit Topic Team

Questions?



www.ourpublicpower.org