Our Philosophy: We value our public power traditions, while seeking new and better ways to preserve the benefits of that heritage. We believe that with innovation, teamwork, and commitment, we can compete effectively in a changing environment.

Our Mission: Provide reliable, competitively-priced energy and related services that benefit our customers in the tradition of public power.
Core Values & Beliefs

**Safety:** Working safely and protecting the public, our employees, and the assets we manage is non-negotiable.

**Integrity:** Being ethical and holding ourselves accountable to conduct business in a fair, honest, open, compliant, and environmentally responsible manner is at the core of what we do.

**Customer Service:** Providing quality service at a competitive price while being responsive to our customer’s needs creates added value and improves customer satisfaction.

**Respect:** Encouraging constructive dialogue that promotes a culture of inclusiveness, recognizes our differences, and accepts varying viewpoints will lead us to optimal solutions for even the most difficult challenges.

**Operational Excellence:** Engaging employees to strive for excellence and continuous improvement ensures that we provide reliable service while managing costs and creating a rewarding work environment.

**Sustainability:** Maintaining financial integrity, minimizing our environmental impact, and supporting responsible economic development in our communities ensures the long-term viability of the organization and the communities we serve.
Message from the General Manager

The need to manage current challenges and opportunities while simultaneously planning for an ever-changing business environment is a test faced by every successful organization.

The Northern Wasco County PUD’s strategic planning process is collaborative, dynamic, and an iterative approach to meeting this challenge, with a focus on a 10-year planning horizon. Let me begin by expressing my sincere appreciation and thanks to our board of directors and the Northern Wasco County PUD team for their commitment to and valuable support of this important effort.

— Roger M. Kline

I’m proud to share that through much diligence and hard work we have achieved significant successes since the 2015 Strategic Plan. Some examples include:

- Increased our focus on safety and promotion of a “safety-first” culture receiving the District’s first ever Safety Award from the Northwest Public Power Association (NWPPA).
- Utilized a cross-functional project team to revamp our use and utilization of Utility Power Net (UPN), our enterprise solution for customer and financial information.
- Completed a review with Moody’s credit agency, which resulted in our A1 credit rating being affirmed.
- Completed a municipal bond offering generating over $13M of needed financial resources to expand and renew NWCPUD infrastructure.
- Selected a new external financial auditor while simultaneously improving internal controls and processes.
- Restored from a catastrophic crane failure and station rehabilitation at the McNary Fishway Hydroelectric Generating Station.
- Increased outreach to community stakeholders with presentations to councils, boards, customers, and other groups.
• Completed the first integrated long-term financial plan in the history of NWCPUD.

• Completed the first long-term capital investment plan in the history of NWCPUD.

• Received a Platinum Reliable Public Power (RP3) designation with the highest point total in the history of NWCPUD from the American Public Power Association (APPA).

• Initiated and executed a customer satisfaction survey to statistically verify that our customer-owners are in support of the hard work we do on their behalf.

• Conducted employee information meetings and an employee satisfaction survey to continue to promote and emphasize the positive culture goals of the organization.

• Hired staff and acquired tools and resources to bring sophisticated planning and modeling efforts in house.

• Negotiated and executed power sales agreements for the output of The Dalles Fishway.

• Planned and constructed the Rivertrail substation, the first NWCPUD large infrastructure project in well over two decades.

Planning Promotes Confidence

The 2018-2028 Strategic Plan identifies opportunities with which we stand to make the greatest improvements and those areas where we need to mitigate risk. Although we are in good financial standing and our core business is sound, our work is not done. During the coming decade, our adaptive strategies will focus on renewing our infrastructure to a more resilient posture while seeking innovative ways to deliver quality products and services to our customer-owners. We will seek opportunities to optimize our assets (infrastructure, natural, and human resources) and hone partnerships with our various stakeholders. Decisions come with financial implications, hence the need for reasonable forecasting, scenario modeling, and risk management.
Relationships Matter

Through continuously improving two-way communications and high levels of employee engagement and ownership of the strategic process, team members at every level within Northern Wasco Co PUD will be positioned to make meaningful contributions toward the initiatives and goals outlined in this document. The intrinsic understanding and alignment around NWCPUD’s values and collective goals will help to better promote organizational success.

Externally, our focus will remain on our customer-owners and assisting them with their energy needs. Time and attention will be spent with regulators, legislators, and other key decision makers. Through education, collaboration, and a willingness to do what is in the best interest of customers, we will navigate the changing business environment with confidence.

While no additional stakeholder outreach was conducted specifically for this update of the Strategic Plan, additional outreach will be conducted to keep this living document current. Community involvement and stakeholder engagement is important to NWCPUD.

Although we have significant challenges to address in the coming years, as outlined in this Plan, I am confident that in working together we will tackle these issues head on. As a unified team, the NWCPUD Board and employees look forward to proudly serving the energy needs of our customer-owners in a safe, reliable, environmentally responsible, and competitively priced manner.

Board of Directors

From left to right: Roger Howe (Director of Subdivision 1), Clay Smith (Director of Subdivision 3), Howard Gonser (Director of Subdivision 4), Connie Karp (Director of Subdivision 5), Dan Williams (Director of Subdivision 2).
Executive Management Team

From left to right: Justin Brock (Key Accounts Manager), Harvey Hall (Chief Financial Officer & Director of Enterprise Risk), Cyndi Gentry (Director of Corporate Services), Kurt Conger (Assistant General Manager & Director of Power Resources), Kathy McBride (Executive Assistant to General Manager & Board of Directors), Roger Kline (General Manager), Pat Morehart (Operations & Engineering Manager), Paul Titus (Principal Engineer & Strategic Asset Planner).

The NORTHERN WASCO COUNTY PEOPLE’S UTILITY DISTRICT is an electric service consumer-owned utility authorized by the State of Oregon. It is governed by an independent, five-member board of directors that provides local decision making and control. The board has been actively involved in the development of the 2018-2028 Strategic Plan.
Introduction

This Strategic Plan provides an update to the 2015 Strategic Plan, approved by the Northern Wasco County PUD Board of Directors in 2015. NWCPUD anticipates reviewing and retargeting its Strategic Plan each year going forward, with a ten-year planning horizon (currently 2018-2028). Planning efforts continue to evolve as new challenges and opportunities arise. NWCPUD moves forward from a position of strength, with highly competitive rates, an excellent record of reliable operations, and a proactive record for leaning forward with innovation and technology adoption. These strengths have been established and bolstered over time by our dedicated, highly skilled employees and the support and oversight of our board of directors.

Over the next several years, NWCPUD faces many challenges including climate change, new environmental legislation and regulations related to aquatic and terrestrial species, aging infrastructure, price pressures from Bonneville Power Administration (BPA), threats to physical and cyber security, a workforce transitioning towards retirement, increasingly diverse preferences from our customer-owners, and potential developments towards a regional wholesale market. To address these challenges, we continue our focus on increasing resiliency, flexibility, adopting innovative solutions while building on existing strengths. Direction for our efforts is established by a set of strategic initiatives, which have been updated for this plan. These initiatives flow from NWCPUD’s Philosophy, Mission, and Values and provide guidance for establishing specific actionable goals and tactics that move us forward. The connection between initiatives and goals/tactics is intended to be interactive, with high level direction and focus provided by the initiatives and creative responses expected from executives and employees to find optimal goals and activities that fulfill the initiatives.

Executives and employees continue working together to identify specific Key Performance Areas (KPA’s) and their associated Key Performance Indicators (KPI’s) that support the strategic initiatives. In turn, the goals and activities are integrated into annual work plans. Our employees and teams need a clear, common understanding of the initiatives to provide a “line of sight” that ensures common priorities and focus. These efforts will require an ongoing/multi-year process, which will continue during 2018 and beyond.
An updated set of strategic initiatives has been developed for 2018 forward. These statements are intended to provide high level direction and focus for all divisions within NWCPUD. All are critical to NWCPUD’s success.

**Safety:** NWCPUD promotes a culture of safety, consistent with the organizational philosophy that no job is so important and no service so critical that an employee must compromise their own safety to perform their job.

**Compliance:** NWCPUD promotes a culture of compliance consistent with the organizational philosophy that all employees conduct business with the highest standards of ethics and integrity. We strive to meet or exceed all policy and regulatory requirements.

**Financial Stability:** NWCPUD maintains long-term financial stability by generating adequate cash flows, maintaining access to low cost capital, providing stable and competitive rates, and effectively managing financial risks. We seek continuous improvements in the efficiency and effectiveness of budgeting, risk analysis, and financial reporting.

**Operational Excellence:** NWCPUD designs, constructs, operates, and maintains safe, reliable, and environmentally responsible generation, transmission and distribution assets in a cost-effective manner. We strive to optimize the value of physical and personnel assets, manage risk, and preserve a competitive advantage.

**Exceptional Customer Service:** Providing exceptional customer service to both internal and external customers is fundamental to NWCPUD’s success. Services are continuously improved by maintaining a high level of knowledge regarding customer needs and preferences, identifying and tracking key performance metrics, developing future program/services, and enhancing relationships.

**Employee Engagement:** Employees are critical to NWCPUD’s success. By continuing to invest in our employees we leverage diversity, grow internal talent, develop innovative skills, and maintain high standards. NWCPUD strives to create a work environment that encourages employees to be engaged at all levels of the organization to achieve outstanding performance and identify opportunities for continuous improvement. We are committed to open, honest, and effective communication so employees are well informed and positioned to meet the needs of the organization and the communities we serve.

**Diversified Energy Products & Services:** Identify and evaluate opportunities for diversifying NWCPUD’s future mix of energy supply resources – integrating both supply and demand side technologies and capitalizing on regional competitive strengths – such as proximity to non-Federal hydroelectric, wind, and solar resources; and local/regional energy technology research and development. Evaluation of resource decisions must balance costs, rate impacts, risks, and environmental considerations.

**Collaboration & Communication:** Continuously improve collaboration and communication, both internally and externally, for project management, cross-functional teams, joint-planning, expanding and improving programs and services, enhanced stakeholder communications, and resource leveraging. Enhanced collaboration and communication highlights the value of NWCPUD to its stakeholders and community. NWCPUD will continue outreach efforts to promote regional cooperation and planning with other utility services providers.

**Technological Innovation & Sustainability:** Actively monitor and advance the utilization of new/emerging technologies to enhance performance and promote the long-term viability of NWCPUD, the community, and our customer-owners.
Strengths, Weaknesses, Opportunities & Threats (SWOT)

As part of the process of considering how to ensure the long-term success of NWCPUD, a SWOT analysis is updated each year. The most recent includes the list of items below. This type of analysis will continue as part of the ongoing strategic planning process and the list will likely change over time.

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<thead>
<tr>
<th>Strengths (Internal Focus)</th>
<th>Weaknesses (Internal Focus)</th>
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<tbody>
<tr>
<td>Strong financial position.</td>
<td>Leadership development process.</td>
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<tr>
<td>Technical &amp; operational expertise.</td>
<td>Lack of depth in power resource / energy market knowledge.</td>
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<td>Good reliability metrics.</td>
<td>Need better alignment of organizational culture with new strategies.</td>
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<td>Actionable asset management and capital investment plan.</td>
<td>Lack of formal board governance policies.</td>
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<td>Excellent customer satisfaction survey results / community trust.</td>
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<tr>
<th>Opportunities (External Focus)</th>
<th>Threats (External Focus)</th>
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<tr>
<td>Community involvement.</td>
<td>Regulatory and legislative uncertainty.</td>
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<tr>
<td>Regionalization &amp; growth.</td>
<td>Looming knowledge loss as employees retire.</td>
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<tr>
<td>Public private partnerships.</td>
<td>Customer choice / supply / disintermediation.</td>
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<tr>
<td>Transportation sector electrification.</td>
<td>Bonneville Power Administration (BPA) cost increases.</td>
</tr>
<tr>
<td>Community energy supply resources.</td>
<td>Large customer departure (self-supply / self-procure).</td>
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<td></td>
<td>Litigation.</td>
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Key Operations Goals & Activities

Key operational activities for 2018 and beyond are summarized in this section. All are focused toward meeting strategic initiatives. Status regarding these activities – and others as they are developed over time – will be periodically reported to the board of directors.

**New Large Single Load Integration:** A New Large Single Load (NLSL) facility will integrate to the NWCPUD system during 2018. Planning and coordination to integrate more NLSL’s during this strategic planning cycle will be completed as well.

**New Facility Site Evaluation Process:** NWCPUD will manage a queue process to coordinate receipt of new interconnection requests as data center, crypto-currency, and other high-density loads (HDL’s) request electric supply service within our service territory.

**Financial Audit:** Staff will continue to refine, and advance processes realized during improved financial audits since securing a new external financial auditor in 2017.

**Human Capital Management:** Design an employee development program that identifies potential successor candidates in all business units and builds current and emerging leadership skills to support NWCPUD’s mission and strategies. NWCPUD will ensure compensation and benefits are attractive and that they will be able to help attract and retain talent for the organization.

**Business Systems Planning:** Our focus on enhanced planning for and integrating technology-centric business systems and processes will continue. During 2018 we will implement a project management framework to improve results on software system integrations.

**Key Accounts:** During 2018 and beyond, the organization will improve its management and relationships with large commercial / industrial accounts.

**Debt Financing:** During 2018 staff will analyze financing options and make a recommendation for NWCPUD’s next debt issuance. The importance of resilient infrastructural renewal and system expansion is paramount in this time of growth.

**Infrastructure Capital Investment & Renewal:** Work diligently to expand and renew NWCPUD infrastructure to minimize risk and maximize opportunities. NWCPUD will utilize innovation & technological advances to realize efficiency opportunities in all aspects of its business.
Climate Change & Resilience: NWCPUD will consider the potential impacts of climate change and the need for resilient infrastructure investments; while considering the various outlooks of our customer-owners regarding this issue.

Employee Engagement: Continue our commitment that employees have the appropriate tools, technology, training, and resources to effectively carry out their jobs, now and into the future.

Legislative Policy Engagement: Work with our local, state, and federal regulatory agencies to encourage a favorable political climate for our continued operations.

Communication & Outreach: During 2018 and beyond, NWCPUD will engage with our customers in person, on social media, and via other communication methods with the goal of ensuring our customer-owners are engaged.

Rate Planning & Coordination: Collaborate with the community regarding future rate planning, including development of long-term rate projections and potential changes to rate structure if so desired. Emphasize NWCPUD’s general rate making principals of sufficiency, affordability, efficiency, cost-basis, equity and gradualism.

Improving Programs & Services: Expand collaborative efforts with our customer community, leveraging resources, and utilizing regional cooperation to expand service offerings and programs in the areas of energy conservation, energy efficiency, telecommunications, renewable energy, and demand side resources.
NWCPU D is a preference customer of the Bonneville Power Administration (BPA) www.bpa.gov. BPA is a nonprofit federal power marketing administration which markets wholesale electric power from 31 federal hydroelectric projects in the Pacific Northwest, one nonfederal nuclear power plant and several small nonfederal power plants. The Federal Columbia River Power System (FCRPS) is NWCPUD’s largest source of electric power and BPA is by far NWCPUD’s largest expense item for both power and transmission services. Cost escalation from BPA is of major concern to NWCPUD through the duration of this strategic plan.

NWCPUD is a member of the Northwest Requirements Utilities (NRU) www.nru-nw.com. As one of 53-member utilities, we work collaboratively to advocate BPA for cost-effective and reliable wholesale power supply and transmission service. Similarly, through Northwest Energy Management Services (NEMS) NWCPUD seeks to achieve economies of scale and efficiencies in operation in securing nonfederal power supply and transmission services as needed.

From a capacity perspective, NWCPUD has a relatively well diversified generation portfolio, comprised of the following sources:

- Hydroelectric – 90.7% (base load)
- Wind, solar, biomass & natural gas 1.2% (intermittent)
- Nuclear 6.1% (base load)
- Market Purchases 2.1% (as needed)

The load, resource and energy model developed during 2017 will continue to be refined and utilized to identify any potential energy resource gaps for NWCPUD.

Continued analysis of costs as well as community interest will aid NWCPUD’s decision to offer community solar generation or other enhanced net-metering opportunities.
In 2016, NWCPUD began developing a stand-alone Enterprise Risk Management (ERM) framework. This framework is now transitioning into a formal Enterprise Risk Management Policy.

One outcome of the ERM Policy is the need to formalize an Audit & Risk Committee, consisting of the Chief Financial Officer (CFO), two members of the Board of Directors, and other key staff. The committee is charged with identifying key organizational risks and approving the Risk Management Plan.

The Risk Management Plan is a summary of NWCPUD’s proactive efforts to identify, evaluate, rank, and mitigate risks significant to NWCPUD which could negatively impact electric system provision, finances, reputation, and safety requirements. In a bottom-up approach, NWCPUD’s risk management process provides the framework to identify and assess specific risks by soliciting subject matter experts input and developing mitigation strategies.
Historically, NWCPUD developed a stand-alone annual budget. Beginning in 2016, the organization transitioned to a Long-Term Financial Plan (LTFP), which includes detailed financial metrics and targets over a 10 Year period.

NWCPUD’s LTFP is designed to provide long-term financial stability by generating adequate cash flows, maintaining access to low cost capital, providing stable and competitive rates, and effectively managing financial risk. The board of directors reviews the LTFP metrics, goals, and financial projections at least annually.

Many of the LTFP goals establish targets are used in setting rates and reserve levels. The LTFP is designed with the intent of maintaining NWCPUD’s current A1 debt credit rating by Moody’s Rating Service.

The LTFP policies and goals are interrelated. By achieving the minimum target debt service coverage, current ratio, operating ratio, and the minimum days unrestricted cash on hand, NWCPUD should generate adequate cash flows to exceed its debt to total asset goal and maintain access to low cost capital.

Maintaining the minimum unrestricted days cash on hand ensures a strong cash position, significantly enhancing future operating and financing flexibility. The Rate Stabilization Fund and other reserve goals are met if an unforeseen event were to occur, such as an extended unplanned The Dalles Fishway or McNary Hydroelectric generation outage, or departure of a large customer segment.

The remaining financial goals focus on providing competitive rates to NWCPUD’s customer-owners and establishing appropriate and cost-effective programs to manage NWCPUD’s risk against catastrophic losses.
Legislative & Regulatory

Northern Wasco County PUD’s legislative and regulatory efforts at both the state and federal level support the mission of providing safe, reliable, and competitively priced energy and services while simultaneously recognizing and mitigating the environmental impacts of electric power services.

NWCPUD strives to maintain positive relationships with members of Oregon’s congressional delegation, the governor’s office, as well as with state and federal regulators. In addition to direct issue-related communication with governmental decision makers, NWCPUD is an active participant in trade associations, such as the American Public Power Association (APPA) www.publicpower.org, the Public Power Council (PPC) www.ppcpdx.org, the Northwest Public Power Association (NWPPA) www.nwppa.org and the Oregon People’s Utility District Association (OPUDA) (www.opuda.org). These associations offer a cost-effective means to participate in legislative and regulatory proceedings.

NWCPUD management staff actively participate in these organizations to ensure that our positions are adequately reflected by these organizations.

NWCPUD utilizes the Strategic Plan to set forth policies and principles to provide direction for executives and staff.