Strategic Plan
Annual Overview

Where are we now & where are we going?

July 18, 2017
AGENDA

**Review** of the District’s Adopted 2015 Strategic Plan & major accomplishments to date

**Preview** of 2018-2028 Preliminary Proposed Capital Budget

**Executive Management Team’s (EMT) View** of direction going forward

**Board’s View** Questions, discussion and direction going forward
2015 STRATEGIC PLAN OPERATING STRATEGIES

• Customer Service – “Customer Service is a relationship that is built on trust, courtesy and professionalism.”

• Financial – “High value financial metrics and benchmarks for the electric industry are the District’s foundation that provides the most affordable power and energy.”

• Legislative and Regulatory – “Effective involvement and meaningful participation in legislative and regulatory matters that are essential to the District’s ability to properly manage change and its impact.”

• Staff, Board and Workforce Development – “Successful hiring is the first step towards career and workforce development. Continuous learning and employee training provides the opportunity for developing skills, accountability and professionalism.”

• Power Resources, Delivery System and Infrastructure – “Strength, flexibility and reliability are the hallmark characteristics in design, construction and operation of the District’s generation, transmission and distribution system.”
CUSTOMER SERVICE GOALS

- Develop and seek new opportunities with conversation programs
  - Preferred vendor list
  - Outside funds
- Ensure customer satisfaction
  - Web survey in 2016
  - 3rd party survey in 2017
- Maintain open channels for customer communications
  - Social media
  - Website redevelopment & deployment
  - Radio show
  - Community outreach & presentations
FINANCIAL GOALS

• Maintain NWCPUD’s AA Bond Rating Metrics
  • Moody’s Rating of A1 (they don’t rate AA) in September 2016
  • $12M in Municipal Bonds in 2016 (very favorable rates)
• Maintain Reserve Levels
  • Policy reviewed & updated annually
• Maintain Prudent, Just & Equitable Rates to Meet Retail Revenue Requirements
  • COSA in 2017 with corresponding rate actions
• Continued Diligence in Managing Risks
  • Risk definitions and audits conducted in 2016
  • New external financial auditor in 2016
  • Enterprise Risk Management
LEGISLATIVE & REGULATORY GOALS

• Define and Communicate Compliance Requirements
  • 3rd Party Audits
    • Oregon OSHA
    • Federal Motor Carrier Act
    • Human Resource Laws/Rules
    • Financial Auditor
• Understand Prospective Legislative and Regulatory Matters that affect the Utility
  • Participate in Regional Venues for Awareness
• Advocate for Laws and Regulations that are consistent with NWCPUD Mission & Goals
  • Continue to Lobby & Support
STAFF, BOARD & WORKFORCE DEVELOPMENT GOALS

• Promote a Culture of Continuous Improvement
  • Communication Training
  • Change Management Training
  • Technical Training for Job Classes
• Provide Feedback to Employees on Work Performance
  • Evaluations in 2016 for all non-bargaining
  • Evaluations in 2017 for all employees
• Ensure Open Lines of Communication
  • Supervisor/Manager goals
  • ‘All-Hands’ Meetings
• Manage Staff Levels to Meet Growth
  • Succession Planning
  • Market-based Compensation Integral here
• Enhance & Formalize a Board Development Plan
  • Objective Not Met Yet
  • ‘Governing for Excellence’
POWER RESOURCE, DELIVERY SYSTEM & INFRASTRUCTURE
GOALS

• Pursue Opportunities for Greater Power Supply Self-Sufficiency
  • Market Reality Adjustment
  • Ended Association with UAMPS
  • Integrated Electric Resource Plan (IERP) to inform this any further

• Maintain a Highly Reliable Transmission & Distribution System
  • Identified & Monitoring Key Performance Indicators (KPI’s)
  • Needed Investments Much Larger than Originally Understood

• Be Positioned to Integrate Larger Loads & Optimal Plans of Service
  • Contractual Updates & Adjustments

• Safe-guard the Utility from Cyber Threats and Stay Current with Industry Standards
  • Training
  • Outsource
**HISTORIC RENEWAL EXPENDITURES**

Net Plant Inc/(Dec)

Net Plant = Capital Investments less Depreciation and Retirements

- Net Plant In Service
- Net Plant Inc/(Dec)

Note: $2.5M Remodel of HQ in 2009; McNary work in 2015 and 2016.
**REVIEW**

**NORTHERN WASCO COUNTY PUD STRATEGIC DIRECTION**

**Remain** a key customer asset providing the benefits of reliable Public Power with competitively priced energy.

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**Residential Bill Comparison**

Cost of 1,000 KWh

- Clatskanie PUD
- Northern Wasco County PUD (2013)
- Northern Wasco County PUD (Current)
- Northern Wasco County PUD (Proposed 2017)
- Columbia River PUD
- Central Lincoln PUD
- Tillamook PUD
- Emerald PUD
- Oregon Average
- Eugene Water & Electric Board
- Pacific Power (OR)
- Portland General Electric
- U.S. Average

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$126.69
Reinvest
Plant

Production:

Basic upkeep & monitor for larger items

Distribution:

‘East-Side’ Substation
Tygh Valley Substation, feeder & reconductor
Enhance Meter Infrastructure / aka ‘AMI’
Pole Plant
Much, much more...

Facility:

Safety Updates
Physical Security Upgrades

Information Technology:

Information Security – PCI, Cybersecurity (Risk & Compliance)
Lifecycle maintenance
10 Year Capital Investment Plan

10 Year Annual Average:
Capital Investment: $3.7M
Depreciation: $2.9M

<table>
<thead>
<tr>
<th>Year</th>
<th>Fleet</th>
<th>Facilities &amp; Equipment</th>
<th>Information Technology</th>
<th>Electric T &amp; D</th>
<th>Generation</th>
<th>Depreciation</th>
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<td>2018</td>
<td>$195,000</td>
<td>$656,500</td>
<td>$303,400</td>
<td>$2,228,950</td>
<td>$1,130,000</td>
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<td>2019</td>
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<td>$175,000</td>
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<td>2020</td>
<td>$385,000</td>
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<td>2022</td>
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<td>$110,000</td>
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<td>2024</td>
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<td>$18,400</td>
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<td>$324,500</td>
<td>$88,400</td>
<td>$3,919,534</td>
<td>$80,000</td>
<td>$3,126,415</td>
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EMT’S VIEW GOING FORWARD

**Reposition** - to best meet the demands of:

- New Growth
  - Already being seen_REALIZED
- New Technology
  - Evaluate before expenditures
- New Customer Expectations
  - We’re asking them

**Remain** - a key customer asset providing the benefits of reliable Public Power with "competitively-priced" energy.

- Define through Policy

**Value Through Partnerships** – seek opportunity to provide other products and/or services that expand our product offerings to reduce the burden on electric rates only.
EMT’S VIEW GOING FORWARD

**Enhance Governance** - to focus on the longer term & policy view/oversight

**Consider Affordability** – electric rates as compared to community average income and compared to other commodities and utility type services

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<th>Affordability Index</th>
<th>2.00%</th>
<th>2.50%</th>
<th>3.00%</th>
<th>3.50%</th>
<th>4.00%</th>
<th>4.50%</th>
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<td>Median Household Income - The Dalles</td>
<td>$42,875.00</td>
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<td>Annual Bill Affordability Limit</td>
<td>$ 857.50</td>
<td>$ 1,071.88</td>
<td>$ 1,286.25</td>
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<td>Monthly Bill Affordability Limit</td>
<td>$ 71.46</td>
<td>$ 89.32</td>
<td>$ 107.19</td>
<td>$ 125.05</td>
<td>$ 142.92</td>
<td>$ 160.78</td>
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| Average Monthly Residential Bill | | | | | | | |
| NWCPUD 2017 Residential Rate | $74.90 | Fail | Pass | Pass | Pass | Pass | Pass |
| City of The Dalles Water/Sewer Base Charge | $103.68 | Fail | Fail | Pass | Pass | Pass | Pass |
| Average Mobile Connectivity Bill | $107.10 | Fail | Fail | Pass | Pass | Pass | Pass |
| Average Cable Bill (with Internet Services) | $165.00 | Fail | Fail | Fail | Fail | Fail | Pass |
REMINDER, WE AREN’T ALONE

Infrastructure Report Card  https://youtu.be/4TdPpjevNSE

BOARD’S VIEW

QUESTIONS AND DISCUSSION
OVERVIEW
NORTHERN WASCO COUNTY PUD STRATEGIC DIRECTION

Strategic Dials

Key Strategic Dials – The art of finding the optimal balance

- Rates
- Reliability
- Risk
- Revenue
- Regulatory Compliance