

Board Workshop Agenda

Deer Island District Office

March 20, 2018 1:00 p.m.

C O N V E N E M E E T I N G

I T E M S F O R D I S C U S S I O N

Board of Directors
Jake Carter
Rob Mathers
Craig Melton
Harry Price
Debbie Reed

General Manager
John Nguyen

Disposition	Previous Activity/Date		Inclusion Code
Discussion		1. 5-Year Strategic Plan	
Discussion		2. ABC's of N -1	◆◆◆
Discussion		3. 5-Year Systems Planning	◆◆◆
Discussion		4. Economic Development Incentives	◆◆◆

LR=Legal Review Requested PD=Previously Discussed SR=Staff Review

No Symbol	Information included in the <i>Agenda Packet</i>
◆	Information to be distributed at the <i>Board Meeting</i>
◆◆	Information <i>previously issued</i>
◆◆◆	<i>No information</i> to be distributed
◆◆◆◆	Information sent under <i>Separate Cover</i>



5-Year Strategic Plan 2018 - 2022

OUR MISSION: To provide quality services at the lowest practical cost.

OUR VALUES:

- ❖ **Customer Focus –**
We work with and for our Customers to meet or exceed their expectations.
- ❖ **Employee Development –**
We provide a healthy work environment, recognizing that people are our most valuable resource.
- ❖ **Social Responsibility –**
We operate in a manner that benefits the Community we serve while minimizing costs to our Customers.
- ❖ **Quality Products and Services –**
We deliver quality products and dependable services to our Customers while working to meet their expectations.
- ❖ **Shared Vision –**
We achieve unity using open, honest communication and respect.
- ❖ **Sound Business Practices –**
We use the highest ethical and professional standards in conducting our business.

Objective 1**Provide safe, reliable electric service and quality products and services that meet Customer needs and expectations.**

We recognize that our primary mission is to meet the electric supply needs of our Customers with an emphasis on safety, reliability, affordability, and fairness. We also recognize that our Customers value electricity for the benefits it provides such as lighting, space conditioning, water heating, refrigeration, and operating technology, motors, and equipment. In meeting Customer expectations, we look for value-added product and service opportunities that are aligned with the PUD's mission, values, and strategic objectives.

Strategy 1: Design, construct, and maintain a safe, efficient, and reliable electric system.

Goal #1: Update annually a 5-year capital plan utilizing N-1 criteria that meets future Customer growth and provides a safe, efficient, and reliable electric system. Every 4 years, develop a 10-year long-range system planning study that outlines the orderly enhancement of the electric system to serve future load growth.

Goal #2: Implement maintenance programs for our electric facilities that are consistent with industry standards and practices.

Goal #3: Replace equipment that is obsolete. Rebuild obsolete power lines before they have reached the end of their service life and replace underground power lines where failures have occurred, to ensure service reliability.

Goal #4: Comply with all safety, regulatory, environmental, and legal rules and regulations.

Goal #5: Maintain an adequate supply of materials in stock to complete Customer projects, so as not to hinder customer growth and economic development.

Goal #6: Provide benchmarks to track our system reliability against other utilities. Maintain exceptional outage response time.

Goal #7: Maintain compliance with WECC Standards, if required.

Strategy 2: Identify and understand both our Customers' electrical "delivery" needs and their electrical "end-use" needs.

Goal #1: Utilize existing Customer research and/or conduct additional market research to identify and understand Customer needs.

Goal #2: Create product and service offerings that support the PUD's mission, values, and strategic objectives.

a) Expand TWACS system functionality to provide additional benefits

to internal and external Customers.

- b) Expand the functionality of the PUD's website and payment processing to allow Customers to conduct additional business transactions and receive timely PUD information.

Goal #3: Implement Customer programs, services, and communications to encourage load management strategies that are consistent with our power supply pricing structure.

Performance Metrics:

- On par or better for reliability when compared to other similar-sized Oregon utilities reporting SAIDI/SAIFI
- Systems, equipment, and programs are compliant with external regulation and industry standards
- N-1 criteria is generally maintained
- High ratings for Customer satisfaction in product/service offerings

Objective 2

Improve, maintain, and protect physical assets.

We will employ a coordinated, systematic, and integrated plan to construct, maintain, and protect our physical assets. Though we work to mitigate risk and develop effective risk management policies, we are challenged with the possibility of ongoing uncertainty from damage to our physical assets such as criminal acts, cyber-attacks, natural catastrophes, capital asset performance, and changes within our industry.

Strategy 1: Maintain the PUD office building and make cost-effective improvements that support safety, functionality, aesthetics, and operational efficiency.

Goal #1: Provide timely updates to an annual and long-term maintenance schedule and improvement plan for the office building, facilities, and equipment.

Strategy 2: Ensure vehicles are safe, reliable, and presentable.

Goal #1: Provide annual updates to a long-term vehicle maintenance program.

Goal #2: Replace vehicles according to the following schedule or as needed:

- a) **Pool Vehicles:** 100,000 miles or 12 years for reliability/appearance.
- b) **Meter Reading/Collection Vehicles:** 75,000 miles or 5 years for reliability.
- c) **Other Vehicles:** 100,000 miles or 15 years for reliability.
- d) **Trucks:** 100,000 miles or 10 years for reliability.

Strategy 3: Ensure continuity of accounting, financial, customer service, and electric operations that may be impacted by criminal acts and natural catastrophe.

Goal #1: Maintain an effective business continuity and disaster recovery plan for critical functions including securing of off-site backup hardware and

communication facilities.

Goal #2: Comply with all state and federal laws as they relate to identifying and safeguarding critical assets.

Goal #3: Implement intrusion, detection, and prevention plans at all facilities including substations.

Performance Metrics:

- Zero safety accident incidents
- Zero OSHA violations
- PUD building, facilities, and equipment are inspected, and risks mitigated, following industry-standard inspection schedules
- PUD Disaster Recovery Plan covers potential disaster scenarios

Objective 3

Secure the lowest-cost, long-term energy resources for our Customers.

We recognize the value of our Tier 1 allocation from Bonneville Power Administration (BPA) and will work to protect it while supporting BPA's efforts to supply this power reliably and affordably now and in the future. Additionally, we will develop and maintain relationships and expertise that will provide flexibility in securing the lowest-cost long-term resources in meeting our Tier 2 needs.

Strategy 1: Maintain a power supply portfolio and strategy that ensures an adequate, diverse, reliable, and affordable commodity is available when needed.

Goal #1: Maintain an accurate and timely 5-year load forecast indicative of local, regional, and national economic trends.

Goal #2: Participate, where practical and cost effective, in power supply projects within our service territory.

Goal #3: Comply with State mandated Renewable Energy Portfolio Standards (RPS). Incorporate renewable product choices for our Customers on an "opt-in" basis until statutorily mandated.

Goal #4: Ensure that power supply alternatives and contract options for Tier 2 are reviewed with regard to price, risk, resource type, availability, etc.

Goal #5: Maintain key business relationships with BPA and Northwest Energy Management Services (NEMS) as potential resource suppliers for Tier 2 requirements.

Strategy 2: Provide input into BPA's policies and operations to ensure availability and affordability of low-cost resources.

Goal #1: Continue to monitor and maintain a presence in local, regional, and

federal energy-related issues to ensure that legislation preserves local control and protects the benefits of the federal base system and public power for the region.

Performance Metrics:

- The PUD continues to support initiatives that preserves and protects the Federal Columbia River Power System and works to ensure input into BPA's ratemaking process, revenue requirements and policies
- The lowest-cost power supply options are secured to meet the utility's needs
- BPA Energy Efficiency Incentive allocations are met or exceeded

Objective 4

Ensure we have sustainable capital resources to recover costs, meet operational needs, and maintain adequate cash flow.

We will set rates and fees that are cost-of-service based, consistent with sound business practices, and designed to fully recover our investments. We will meet our financial obligations in full and on time. We will follow industry standard financial practices and procedures to maintain our financial position, which will keep costs down and rates low for our Customers.

We rely on a capital investment and funding program that ensures adequate capital resources without relying on external borrowings. By doing so, we will not limit our growth potential and we will have the necessary resources available to build, purchase, and maintain capital assets to meet operational needs.

Strategy 1: Set rates to recover necessary revenue requirements while maintaining adequate cash reserves without incurring additional long-term debt.

Goal #1: Meet annual revenue requirements.

Goal #2: Meet planned commitments to the annual budget and projected cash reserve levels while maximizing investment returns.

Goal #3: Minimize long-term borrowing and meet annual debt service requirements.

Strategy 2: Ensure sound internal controls and financial policies, and maintain accurate and timely accounting procedures and records by serving as the fiscal steward for our Customers.

Goal #1: Provide Board and management timely and accurate financial reports and statistical data to help make sound business decisions and meet operational needs.

Goal #2: Retain or improve on the Standard & Poor's A+ stable bond rating.

Goal #3: Maintain sound internal controls and accurate financial records that result in a clean annual audit review by our external auditors.

Strategy 3: Assess and evaluate potential cost-saving measures and operating efficiencies, including outsourcing of services where practical.

Goal #1: Apply new technologies when appropriate to increase work efficiency.

Goal #2: Evaluate refinancing options for the PUD's long-term debt in order to take advantage of lower interest rates when available.

Strategy 4: Maintain compliance with federal and state accounting regulations.

Goal #1: Maintain compliance with GASB and FERC Accounting.

Performance Metrics:

- Cost of Service Analysis supports PUD rate design
- Cost management practices are consistently followed
- Clean annual audit received from independent auditor
- Annual Debt Service requirements are met without additional long-term borrowing
- Standard & Poor's A+ stable bond rating retained or improved

Objective 5

Offer a safe, positive, and rewarding work environment to retain and attract outstanding employees who are committed and engaged in pursuing the mission and values of the PUD.

To continue to operate as a high-performing utility, we will design and implement strategies that maximizes employee potential, fosters high ethical and professional standards, and promotes safe workplace practices while meeting the PUD's mission, values, and strategic plan.

Strategy 1: Offer a fair and competitive wage and salary package that rewards performance and enables the PUD to stay competitive to attract, retain, and motivate employees.

Goal #1: Review annual salary survey tools to ensure PUD wages and salaries remain competitive in the marketplace.

Goal #2: Ensure that employees receive timely annual evaluations and appropriate wage adjustments.

Strategy 2: Offer a total benefit package that is affordable, competitive with the industry, and reflective of the communities we serve.

Goal #1: Review opportunities to enhance or improve the employee benefit program while ensuring the benefit offerings are competitive in the industry, sustainable, and affordable for the PUD.

Goal #2: Provide a healthcare plan that supports the overall goals of the PUD and maintains compliance with healthcare laws and initiatives at the state and federal level.

Strategy 3: Maintain levels of staffing that will meet Customer needs, support PUD product and service offerings, and provide maximum operating efficiency.

Goal #1: Provide training and tuition reimbursement opportunities to support and develop employees across the PUD to allow and prepare for career advancement.

Goal #2: Evaluate operational and staffing needs to ensure that the organizational structure meets the needs of the PUD.

Goal #3: Implement strategies to ensure adequate cross-training and succession planning occurs so that knowledge and skills are retained in a competitive market environment.

Strategy 4: Implement a robust program to educate employees about safe work practices and to address health and safety issues.

Goal #1: Provide all-employee training on safe work practices on an annual basis.

Performance Metrics:

- High employee retention rate
- High ratings on employee satisfaction survey
- Wages and benefits are aligned with utility industry market

Objective 6

Leverage technologies to improve operational efficiencies, reduce costs, enhance Customer satisfaction, and protect Customer data.

We have a history of creating and applying technologies critical to business needs. Technological innovation remains important to fulfilling our mission and to meeting the expectations of our Customers. We will focus on opportunities to develop and implement new technologies that promise to add value, lower costs, and improve operational efficiencies.

Strategy 1: Enhance and capitalize on existing and new technology.

Goal #1: Maintain and enhance a flexible, user-friendly enterprise system that meets the current and anticipated needs of the PUD and our Customers and improves the PUD's business processes by increasing efficiency and reducing costs.

Goal #2: Improve the functionality of mapping, SCADA, mobile, TWACS, and other systems to meet the needs and expectations of our Customers and staff.

Goal #3: Improve Customer and employee communications through the use of technology.

Goal #4: Proactively train employees to make the best use of systems.

Goal #5: Expand content management and reporting capabilities.

Goal #6: Reduce the amount of paper used through electronic document management.

Strategy 2: Safeguard technology assets and customer information while planning for obsolescence and unexpected problems.

Goal #1: Maintain compliance with state and federal regulations to protect sensitive information such as Customer data, employee records, etc.

Goal #2: Plan for hardware replacements and enhancements while continuing to look for opportunities to deploy technologies that utilize systems more cost effectively.

Performance Metrics:

- Intrusion detection annually tested and active
- 100% compliance with employee security training and testing
- High ratings on Customer satisfaction survey
- Successful implementation of new systems and technology with minimal disruption to facilities, employees, and Customers

Objective 7

Support the PUD's mission and objectives by effectively communicating timely and accurate information to our Customers, stakeholders, and employees.

We recognize that as a community-owned utility, meeting Customer needs is our reason for existence. Customer satisfaction reflects both how fully we are meeting their needs and how clearly we are communicating our abilities and limitations in doing so. We will work in partnership with our Customers, stakeholders, and employees to build consensus for our direction and objectives.

Strategy 1: Communicate the PUD's vision of local benefits, partnerships, and excellent service to all Customers.

Goal #1: Ensure local media is provided timely and accurate information about issues pertaining to the PUD.

Goal #2: Regularly include information in PUD communications about the public power benefits we bring to the communities we serve.

Strategy 2: Utilize appropriate communication channels that are embraced by Customers to support the PUD's program goals.

Goal #1: Facilitate and encourage utilization of the PUD website by Customers.

Goal #2: Utilize mass marketing and targeted marketing techniques to increase participation in PUD programs and services.

Goal #3: Identify and Implement cost-effective communications that reflect customer preferences for traditional and emerging communication channels.

Strategy 3: Support the internal communication needs of the PUD and employees.

Goal #1: Keep employees engaged and informed about our goals and objectives to help them understand how their roles contribute to our ability to fulfill our mission.

Goal #2: Ensure transparency to improve employee satisfaction and confidence in management.

Performance Metrics:

- Communications are aligned with Customer communication preference
- High ratings on Customer satisfaction survey
- High ratings on employee satisfaction survey
- Increased Customer, stakeholder, and employee participation in PUD programs and services
- Consistently high engagement on the PUD website and social media channels, as measured by such tools as Google Analytics and Facebook Insights

Objective 8

Support the PUD's Customer Focus and Social Responsibility values by participating in efforts to create a thriving Columbia County economy.

We recognize the value of economic prosperity and we demonstrate our commitment to creating a thriving local economy through our support of economic development efforts.

Strategy 1: Support business retention and recruitment efforts within our service area by maintaining strong relationships with local economic development champions and business partners.

Goal #1: Respond timely to information requests in support of business recruitment initiatives.

Goal #2: Maintain effective relationships with power and transmission providers to ensure that energy resources can be delivered to meet load growth.

Goal #3: Develop an economic development incentive program to support business recruitment and expansion initiatives.

Strategy 2: Support the efforts of local organizations to expand business and industry within our service area for the benefit of Customers.

Goal #1: Develop a Community Economic Development Grant Program that conforms to ORS 261.305(12) and supports economic development and the

expansion of business and industry within our service area.

Performance Metrics:

- CRPUD is viewed as a valued partner for local economic development efforts
- Consistent positive feedback from economic development champions and business partners

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