2022 STRATEGIC PLAN

CLALLAM COUNTY PUD #1™

Bringing Energy To Life™

2022 STRATEGIC PLAN

We are proud to present to you PUD #1 of Clallam County's 2022 Strategic Plan.

The 2022 Strategic Plan continues the expectation of excellence established in prior years. The Plan includes the District's focus on broadly defined areas described as **Strategic Objectives,** with a definition and **"Picture of Excellence"** for each objective. Gaps to reaching Excellence are identified and **Strategic Initiatives** were developed to close these gaps and help us achieve the Picture of Excellence. Along the way, we track performance through the use of **Key Performance Indicators.** Minor updates are performed annually, with a "deep dive" into the Plan every 3 to 5 years.

As a utility that has earned the American Public Power Association's Reliable Public Power Provider (RP3) designation of operational excellence, as well as the Smart Energy Provider designation, we are proud of our accomplishments and our service to you, the ratepayers of Clallam County Public Utility District No. 1.

As always, our **Mission** remains the foundation for our Strategic Objectives – ***"Providing reliable, efficient, safe, and low cost utility services in a financially and environmentally responsible manner."***
This, along with our **Core Values,** will help us continue to be what our **Vision** states in ***"Being the best utility for OUR customers."***

We welcome feedback and suggestions for future updates to our Strategic Plan.

Thank you,

Sean Worthington
General Manager

Vision without action is merely a dream.
Action without vision just passes the time.
Vision with action can change the world.

~ Joel A. Barker

2022 STRATEGIC PLAN

About Clallam PUD

In 1940 the people of Clallam County were presented with the opportunity to vote on formation of a Public Utility District. The language presented on the ballot for the purpose stated: ***"to conserve water and power resources and to supply public utility service, including water and electricity, for all uses."*** PUDs are unique in our nation, as they are not-for-profit, and are owned by the customers served. Since 1940, Clallam PUD has developed three more utilities: water, sewer, and then in 2000 broadband, after the Legislature authorized PUDs to go into the wholesale telecommunications business.

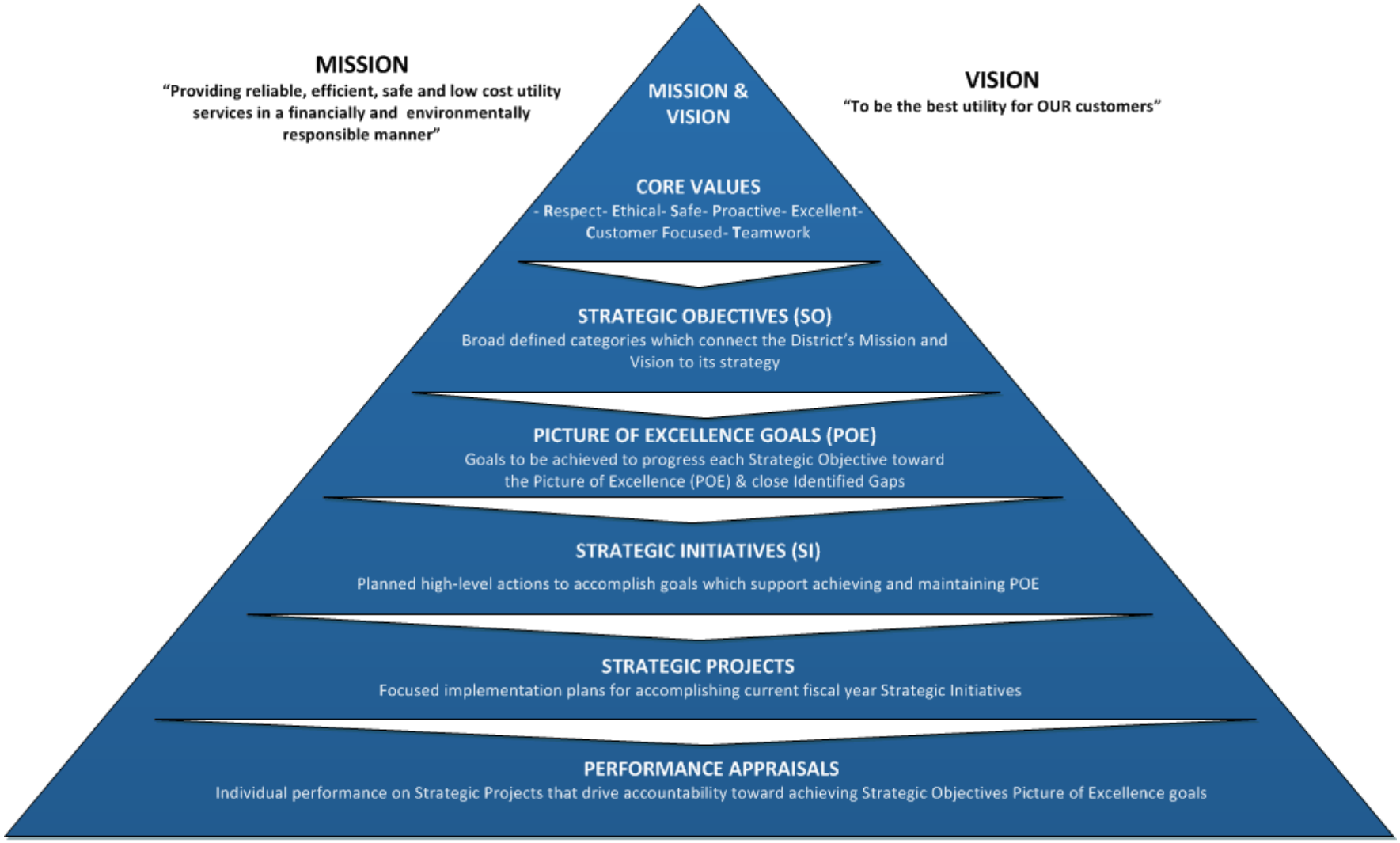
Today our PUD serves over 28,000 accounts with electric service, and over 4,500 with water connections. We have offices in Forks, Clallam Bay/Sekiu, as well as a main office in Carlsborg that provide one-stop shopping for customers and high efficiency for employees.

We also help our customers save money with rebates, incentives and lower power bills associated with conservation and implementation of renewable distributed generation. Our PUD is fortunate to have access to renewable hydroelectric power for the bulk of our power needs.

On average, we are 95% carbon-free and no matter how we grow, we continually strive to fulfill our Mission:

Providing reliable, efficient, safe, and low cost utility services in a financially and environmentally responsible manner.

2022 STRATEGIC PLAN



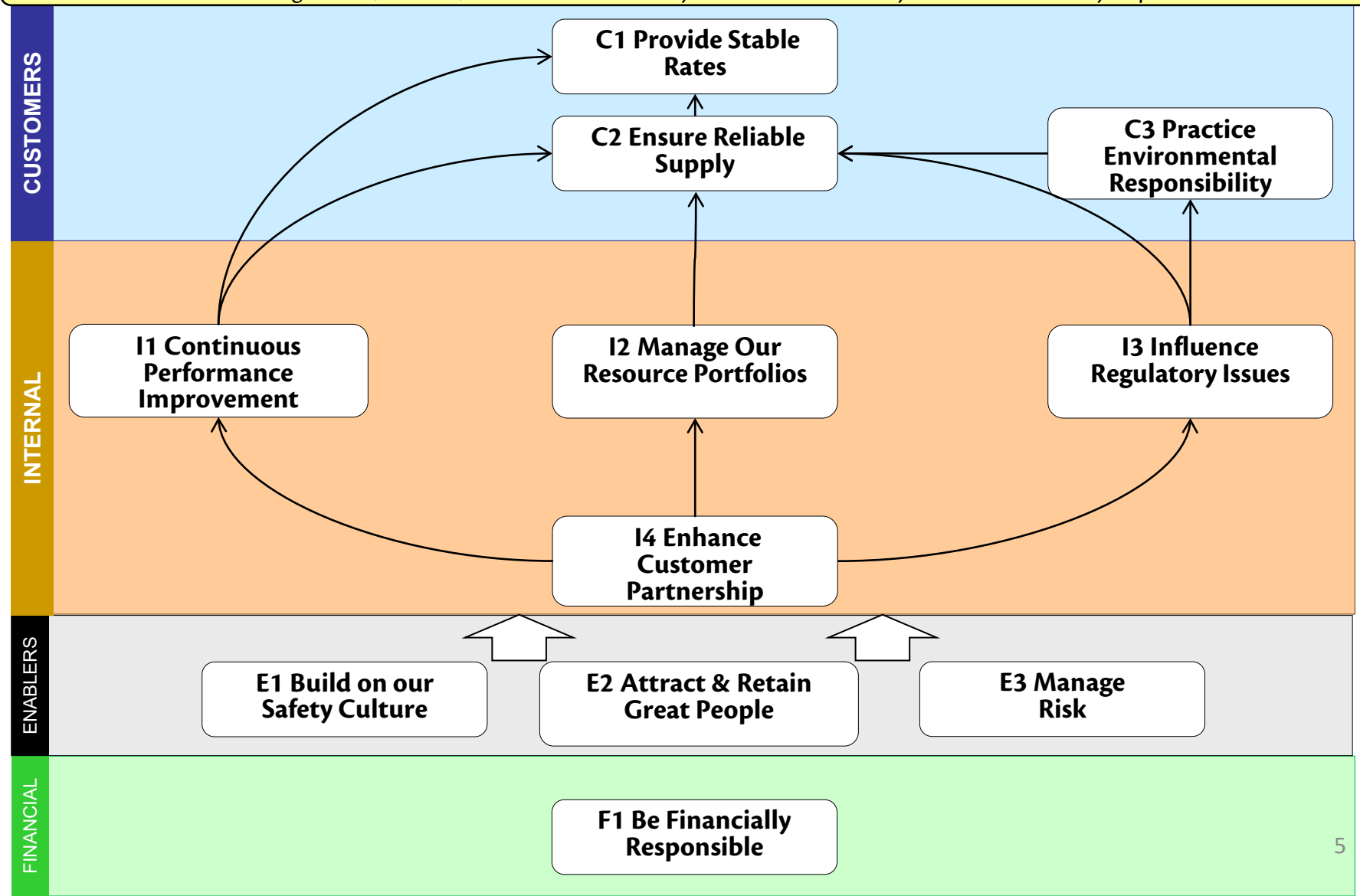
STRATEGIC OBJECTIVES (SO)

CUSTOMER: Provide Stable Rates; Ensure Reliable Supply; Practice Environmental Responsibility
INTERNAL: Continuous Performance Improvement; Manage Our Resource Portfolios; Enhance Customer Partnerships; Influence Regulatory Issues
ENABLERS: Build on our Safety Culture; Attract & Retain Great People; Manage Risk
FINANCIAL: Be Financially Responsible

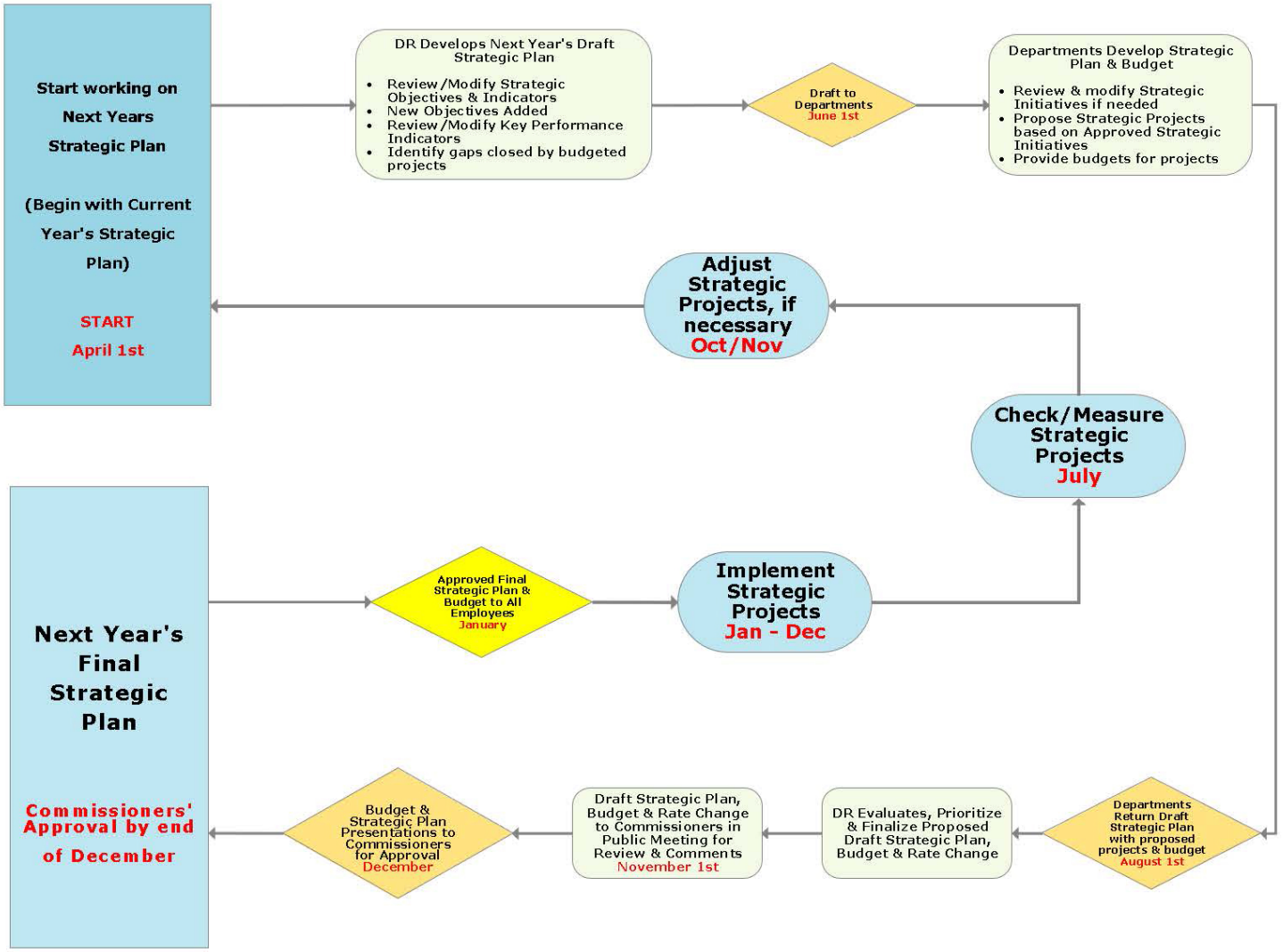
2022 STRATEGIC PLAN

VISION: Being the best Utility for OUR Customers.

MISSION: Providing reliable, efficient, safe and low cost utility services in a financially and environmentally responsible manner.



2022 STRATEGIC PLAN PROCESS



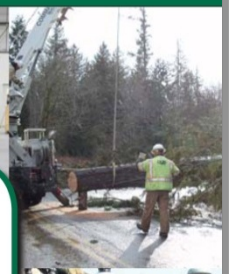
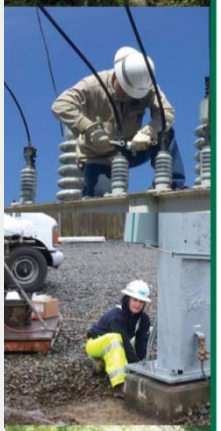
Vision:
Being the best utility for OUR customers.

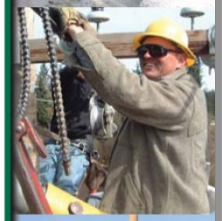
Mission Statement:
Providing reliable, efficient, safe, and low cost utility services in a financially and environmentally responsible manner.

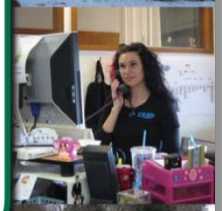
CLALLAM COUNTY PUD #1

Bringing Energy To Life™

CORE VALUES – R.E.S.P.E.C.T.





RESPECTFUL
We guide all our actions with respect for each other, our customers and ourselves.

ETHICAL
Integrity and honesty form the foundation of all our actions.

SAFE
Safety is at the center of the PUD's mission.

PROACTIVE
Proactive, positive thinking and action are essential to our success.

EXCELLENT
We use the standard of excellence to judge our work.

CUSTOMER FOCUSED
We are committed to providing friendly, professional customer service.

TEAM ORIENTED
We value the importance of teamwork to satisfy both our customers and ourselves.

2022 STRATEGIC PLAN
STRATEGIC OBJECTIVES

Customer

- Provide Stable Rates, While Always Seeking Reduced Costs
- Ensure Reliable Supply
- Practice Environmental Responsibility

Internal

- Continuous Performance Improvement
- Enhance Customer Partnership
- Manage Our Resource Portfolios
- Influence Regulatory Issues

Enablers

- Build on Our Safety Culture
- Attract and Retain Great People
- Manage Risk

Financial

- Be Financially Responsible

2022 STRATEGIC PLAN

STRATEGIC OBJECTIVE:
PROVIDE STABLE RATES

Direct Report Lead
Ruth Kuch, Finance Manager/Treasurer

Definition
Minimal budget fluctuations to support rate stability for District customers.

Picture of Excellence (POE)
- Provide stable rates to customers with no more than a 1% rate adjustment over the previous 5-year average rate adjustment.
- Over 10 years, capital costs should be within 85% of depreciation.

Identified Big Gaps To POE
a. Cost pressures (BPA and conservation) require efficiency measures be identified and implemented to control other costs.
b. Environmental and other regulatory as the Energy Independence Act (EIA) & Clean Energy Transformation Act (CETA) upward rate pressures.
c. Declining KWH sales and decreasing system load factor due to conservation and distributed generation.
d. Aging infrastructure requires capital improvements and replacement.
e. Weather effects on water and power usage affecting cost recovery.
f. Maintain supporting 10-year staffing plan.

Strategic Initiatives
(How do we close Big Gaps and get to POE?)
1. Maintain and use the 10-year projection model to forecast rates, personnel, capital and financing needs.
2. Conduct regular Cost of Service studies and implement appropriate rate structures
3. Active participation in WPAG, WPUDA, PPC.
4. Model and track monthly rate revenues.
5. Managers track budgets monthly to assure in line with budget.
6. Review of budgets quarterly in Direct Reports meeting.
7. Plan, design and implement engineering projects and technology to reduce future O&M and energy procurement costs, while enhancing system efficiency.
8. Maintain sufficient cash reserves to address pandemic, unusual weather events, disasters, and other unforeseen events..
9. Review and Maintain Restricted Capital Account to Proactively Plan for CETA Compliance.

Key Performance Indicators (KPI)
(How are we doing? - measurement)

Electric
Revenues/expenses within % of budget
- **Green** = Within 5% of budget
- **Yellow** = Within 5% to 8% of budget
- **Red** = >8% of budget

Water
Revenues/expenses within % of budget
- **Green** = Within 5% of budget
- **Yellow** = within 5% to 8% of budget
- **Red** = >8% of budget

Electric and Water
- **Green** = Capital +/- 15% of Depreciation
- **Yellow** = Capital +/- 20% of Depreciation
- **Red** = Capital > +/- 20% of Depreciation

2022 STRATEGIC PLAN

STRATEGIC OBJECTIVE:
ENSURE RELIABLE SUPPLY

Definition
Providing dependable and consistent products and services to our customers.

Picture of Excellence (POE)
The District and their customers are provided quality and reliable supply and service. Unscheduled outages due to trees, wildlife, aging infrastructure etc. are kept to a minimum. Infrastructure is replaced on a routine basis and looped for redundancy whenever possible/necessary. Supervisory Control & Data Acquisition (SCADA) is provided to all substations and water systems. Geographic Information System (GIS) is utilized to it's fullest potential for asset management and in operations.

Identified Big Gaps To POE
a. Aging infrastructure has negative impact on system reliability.
b. Inadequate looping and system redundancy.
c. SCADA is not installed on all substations & water systems.
d. Reduce outage duration and frequency for all utility services.
e. GIS for Water is not complete
f. Optimize system operations through technological innovation.

Strategic Initiatives
(How do we close Big Gaps and get to POE?)

Electric

1. Conduct 10-year planning study, with annual review, and effective implementation of associated projects.
2. Track cable faults and effectively implement cable replacement projects.
3. Development and implement SCADA-, GIS- and OMS-based applications and tools.
4. Complete substation modernization and SCADA.
5. Plan, design and implement engineering projects to meet future requirements and contingencies
6. Plan, design and implement engineering projects and technology to improve system reliability by quantifiable reduction in System Average Interruption Duration Index (SAIDI). It is the average outage duration for each customer served, unit in time often minutes or hours
7. Procure quality products/service from reputable vendors at a competitive price to ensure availability and timely delivery that will benefit the District and our customers.
8. Ensure product is readily available when needed by crews during outages and emergency situations.
9. Maintain established vegetation cycles, and management plan.
10. Be prepared for emergencies

Direct Report Leads
John Purvis, Assistant General Manager
Tom Martin, Water/WW Systems Manager

Telecommunications

1. Encourage, support, and work with local Internet Service Providers (ISPs).
2. Develop staff network proficiency and availability.
3. Continue to pursue grants that can expand broadband throughout our county in a cost responsible manner.
4. Continue to expand broadband for our services that increases access to Clallam County unserved and underserved communities if surplus capacity is available for ISPs.

Water

1. Study effective management of outages and make recommendations for improvement.
2. Plan, design and implement engineering projects to replace failing infrastructure.
3. Implement SCADA for all water systems
4. Implement GIS and asset management system for all water systems.
5. Implement a Preventative Maintenance Program.
6. Develop looping and redundancy policy and plan.
7. Evaluate GPS technology for operations implementation.
8. Development emergency backup system plan for all pump stations.

2022 STRATEGIC PLAN

STRATEGIC OBJECTIVE
ENSURE RELIABLE SUPPLY ...continued

Direct Report Leads
John Purvis, Assistant General Manager
Tom Martin, Water/WW Systems Manager

Key Performance Indicators (KPI)
(How are we doing? - measurement)

Electric (Rolling Annual)
- **Green** = SAIDI < 185
- **Yellow** = SAIDI =185 - 250
- **Red** = SAIDI > 250

Electric (3 Year Cycle)
- **Green** = > 90% on RP3 score
- **Yellow** = > 80% on RP3 score
- **Red** = < 80% on RP3 score

Water: Major Emergency Events
- **Green** = 0-1 per quarter
- **Yellow** = 2-3 per quarter
- **Red** = > 3 per quarter

Telecom: System Availability
- **Green** = >99.999%
- **Yellow** = 99.995 - 99.999%
- **Red** = <99.995%

2022 STRATEGIC PLAN

STRATEGIC OBJECTIVE:
PRACTICE ENVIRONMENTAL RESPONSIBILITY

Definition
Meeting regulatory requirements recognizes our actions have short and long-term impacts on the environment and on regulatory and customer costs.

Picture of Excellence (POE)
The District meets all environmental regulations and implements proven technologies that result in the lowest cost to our customers. The District seeks to identify and implement cost effective actions that enhance environmental responsibility.

Identified Big Gaps To POE
a. Procure or mitigate for sufficient water rights to satisfy DOE & DOH mandates
b. District lacks a comprehensive recycle program.
c. Inadequate first responder and backup training for oil spills
d. Develop a Clean Energy/Climate Action Plan
e. Some projects had schedule and cost impacts due to lack of State Environmental Policy Act (SEPA) and cultural resource review.

Strategic Initiatives
(How do we close Big Gaps and get to POE?)

1. Continue to assess how regulatory compliance and changes will affect us and our customers.
2. Continue to document all environmental regulations, procedures and reporting requirements.
3. Recycle products such as metals, liquids and fluorescent lamps in a manner that is environmentally responsible.
4. Develop Clean Energy/Climate Action Plan
5. Procure materials and supplies that are safe for the environment and safely disposed of.
6. Engineer projects that adhere to all local, state and federal environmental requirements and regulations.
7. Continue to comply and conform to all local, state, and federal environmental related directives
8. Coordinate with project partners to conduct necessary SEPA and cultural resource review after preliminary engineering task.

Electric:

1. Conduct annual oil spill, Polychlorinated Biphenyls (PCB) and Spill Prevention, Control, and Countermeasure (SPCC) training
2. Conduct periodic audits of waste disposal contractors

Water:

1. Proactively work with agencies to promote environmental responsibility at lowest cost.
2. Evaluate water quality issues and develop low cost solutions.

Direct Report Leads
John Purvis, Assistant General Manager
Tom Martin, Water/WW Systems Manager

Key Performance Indicators (KPI)
(How are we doing? - measurement)

Electric (Quarterly)
- **Green** = No violations
- **Yellow** = Investigation of violation
- **Red** = Any violation

Water (Quarterly)
- **Green** = No violations
- **Yellow** = Investigation of violation
- **Red** = Any violation

2022 STRATEGIC PLAN

STRATEGIC OBJECTIVE: CONTINUOUS PERFORMANCE IMPROVEMENT

Direct Report Lead
Steve Schopfer, IT Manager

Definition

Continuous incremental improvement in everything we do including: strategy, process improvement, innovation and leveraging technological advances.

Picture of Excellence (POE)

A culture where all employees continuously strive for new ways to improve and corporate technology and information systems are leveraged for optimum use and performance.

Identified Big Gaps To POE

a. A more direct link is needed between employee's job duties and performance with the Strategic Plan.
b. Need for cost effective implementation and integration of rapidly changing industry proven technologies.
c. No defined process for employees to proactively improve efficiency, productivity and innovation.

Strategic Initiatives

(How do we close Big Gaps and get to POE?)

1. Management and employee training on continuous improvement and innovation
2. Enhance employee recognition program for work improvement suggestions
3. Implement proven industry technologies and applications that improve processes and productivity
4. Improve quality and accessibility of data to enhance processes and productivity
5. Utilize project and work assignments to develop staff and expand staff competencies
6. Create a culture of continuous improvement of employees, teams and the District as a whole
7. Develop and Implement the "Pursuing Excellence" Program
8. Integrate Strategic Plan initiatives and KPIs into employee goals, objectives and performance.
9. Implementation of Grid Modernization-Meters.
10. Maximize functionality of our new integrated NISC and Laserfiche software solutions.
11. Implement payroll processes that accurately reflect activity and simplify reporting Employee Self Service (ESS).

Key Performance Indicators (KPI)

(How are we doing? - measurement)

% of Employees recognized in Employee Recognition program

- **Green** = >10%
- **Yellow** = 5-10%
- **Red** = 0-5%

2022 STRATEGIC PLAN

STRATEGIC OBJECTIVE:
MANAGE OUR RESOURCE PORTFOLIO

Direct Report Leads
John Purvis, Assistant General Manager
Tom Martin, Water/WW Systems Manager
Ruth Kuch, Finance Manager/Treasurer

Definition
Optimizing between the supply and demand requirements, over both short and long-term allows us to improve efficiency, meet regulatory requirements, and meet customer needs and expectations.

Picture of Excellence (POE)
Continually optimized portfolio meeting all resource requirements at the lowest cost.

Identified Big Gaps To POE
a. Legislative uncertainty with respect to renewable and other mandates.
b. Lack of corporate knowledge / familiarity with emerging power distribution technologies.
c. Need to acquire additional water rights for near term needs and full build out of water system service areas.
d. Need for optimized mix of conservation and Tier 2 resource mix.
e. Water losses due to aging infrastructure.
f. Need conservation rate structure that encourages conservation and offsets rate impacts (ex. Time of Use (TOU) rates).
g. Need to meet Clean Energy Transformation Act (CETA) requirements.
h. No long term power supply contract post 2028.

Strategic Initiatives
(How do we close Big Gaps and get to POE?)

Electric

1. Monitor CETA rulemaking, develop compliant Resource Plan (RP), CEIP and conduct associated feasibility studies.
2. Acquire conservation with a program cost that is less than our avoided cost of power in keeping with stable rates.
3. Implement a distribution upgrade program that optimizes energy savings and system reliability.
4. Plan, design and implement engineering projects that cost effectively reduce or optimize line losses and customer conservation
5. Develop capability to meter time of use (TOU) for electricity and develop TOU Rates.
6. Monitor and review CETA compliant power supply technologies.
7. Active participation in WPAG, WPUDA and PPC to ensure procurement of a cost competitive power supply.
8. Long term full service power acquisitions made at most competitive regional rates.
9. Mitigate rate pressure through consistent & innovative enhancements in productivity.
10. Engage in BPA Provider of Choice 2028 contract negotiations and coordinate with associations to ensure District concerns are addressed.

Water

1. Identify strategies to secure water rights for full buildout. Utilize the Dungeness Water Exchange where appropriate, or develop independent mitigation projects.
2. Look at each water system independently to determine what level of conservation is needed.
3. Replace aging infrastructure based on cost/benefit.
4. Continually optimized portfolio meeting all resource requirements at the lowest cost.
5. Identify appropriate rate structure to encourage conservation without significant revenue impacts.
6. Evaluate full buildout demand for each water system.

2022 STRATEGIC PLAN

STRATEGIC OBJECTIVE:
MANAGE OUR RESOURCE PORTFOLIO

Direct Report Leads
Sean Worthington, General Manager
John Purvis, Assistant General Manager
Tom Martin, Water/WW Systems Manager

Key Performance Indicators (KPI)
(How are we doing? - measurement)

Conservation

- **Green** =< $43 per MWh Conservation & Tier 2 resources
- **Yellow** = $43 to $46 per MWh Conservation & Tier 2 resources
- **Red** = >$46 MWh Conservation & Tier 2 resources

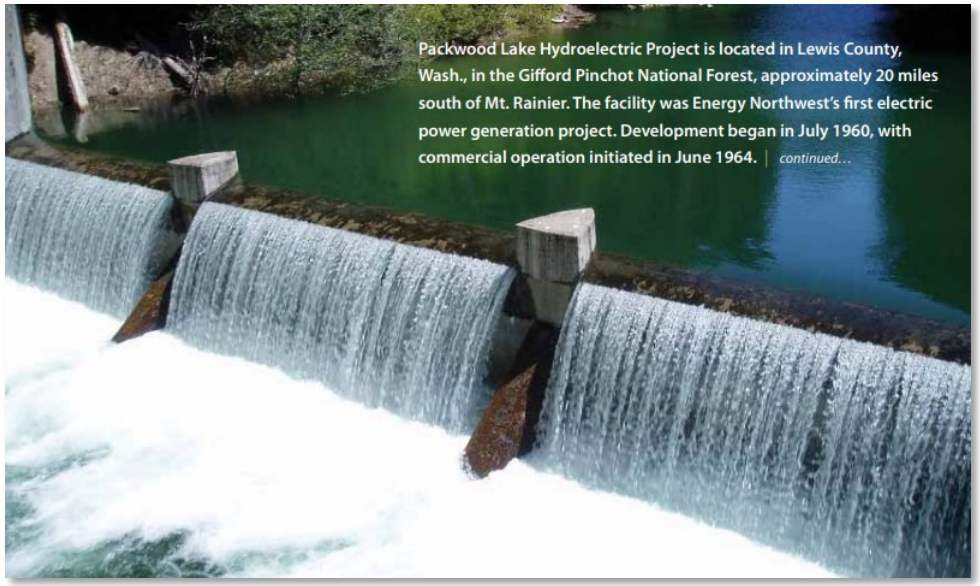
Water (per system)

Rolling 12 mos. loss rates are within DOH Standards.

- **Green** = all w/s below 10% loss rate
- **Yellow** = all w/s between 10% - 15% loss rate
- **Red** = all w/s greater than 15% loss rate

Ratio of water right supply to full buildout demand

- **Green** = >=100%
- **Yellow** = 80-100%
- **Red** = <80%



2022 STRATEGIC PLAN

STRATEGIC OBJECTIVE:
INFLUENCE REGULATORY ISSUES

Direct Report Lead
Nicole Hartman, Communications and Government Relations Manager

Definition
Understanding regulatory and policy issues that affect the District helps us to educate and inform customers about how their actions affect the District and its customers and allows us to anticipate and manage our costs and practices.

Picture of Excellence (POE)
The District alone and with input to appropriate organizations influences regulatory issues and protects PUDs from onerous legislation and is successful at implementing positive legislation for our customers. The District receives issue analysis from WPUDA and communicates to customers and employees the legislative issues facing PUDs.

Identified Big Gaps To POE
a. Minimal influence with state and federal legislators – need for understanding of impact to utilities
b. Lack of customer and employee awareness of impact of regulatory requirements, new legislation, and initiatives
c. Uncertainty in identifying cost and funding requirements of existing and proposed legislation or initiatives

Strategic Initiatives
(How do we close Big Gaps and get to POE?)

1. Work with legislators, Washington Public Utility District Association (WPUDA, Western Public Agencies Group (WPAG), and Public Power Council (PPC) to support and implement reasonable water, telecom, and electric legislative changes and/or to restrict legislation impacting customers negatively.
2. Promote the benefits of Public Power and Local Control at all levels of government.
3. Monitor and provide comment on proposed regulatory, legislative, case law, and code changes
4. Educate policymakers, customers, and employees describing issues and impacts
5. Responsive to requests for comments on proposed changes as it pertains to the District
6. Effective staff representation at external meetings
7. Communication conveyed to internal stakeholders about information learned at meetings attended.
8. Identify regulations requiring additional funding and work with funding agencies to develop their budgets to make the necessary funds available.

Key Performance Indicators (KPI)
(How are we doing? - measurement)

Clallam PUD representation at WPUDA, PPC & WPAG meetings, as applicable
- **Green** = 75%
- **Yellow** = 50-75%
- **Red** = <50%

Relevant quarterly communication in HotLine & WEB Employee Newsletter
- **Green** = 100%
- **Yellow** = 75%
- **Red** = <75%

2022 STRATEGIC PLAN

STRATEGIC OBJECTIVE:
ENHANCE CUSTOMER PARTNERSHIPS

Direct Report Lead
Nicole Hartman, Communications and Government Relations Manager

Definition
Two-way communication develops awareness, knowledge, understanding, acceptance and participation in the District by customers and employees. By including customers we facilitate improvement, build ownership, support local control and manage costs.

Picture of Excellence (POE)
Our customers are well informed about District resources, public power structure and benefits, and are strong advocates for the District and public utilities.

Identified Big Gaps To POE
a. Lack of awareness of the benefits of a public utility
b. Need for further education to both customers and employees on key issues and understanding the District's business
c. Internal & external communications need to be more consistent and focused.
d. Inconsistent District participation in local committees and organizations
e. Lack of awareness in the community of the District as a resource and partner

Strategic Initiatives
(How do we close Big Gaps and get to POE?)
1. Educate employees on public power, District operations, key issues and the District's mission, vision and strategic plan
2. Develop a strategic communications plan
3. Hold GM/Senior staff small group meetings and/or annual meetings with employees.
4. Commissioner outreach to constituents (i.e. commission meetings in all three Commissioner districts, casual coffee meetings, public power week, etc.)
5. Maintain proactive relationships with key customers and groups.
6. Track customer engagement through website and social media trends.
7. Provide ample early notification to customers on new, or changes to, products and services
8. Use internal and external surveys to integrate feedback into the strategic plan and projects.
9. Enhance partnerships with the community, contractors, organizations, and local governments
10. Engage with customers through community events, seminars, and volunteer activities
11. Take advantage of educational content and infographics provided by WPUDA, NWPPA, APPA and others.

Key Performance Indicators (KPI)
(How are we doing? - measurement)

Indicator = Website Users vs. last 30 days
- **Green** = >5,000
- **Yellow** = 3,500-5,000
- **Red** = <3500

Indicator = Facebook page engagement
- **Green** = >20% likes to customers ratio
- **Yellow** = 10-20% likes to customers ratio
- **Red** = <10% likes to customers ratio

Clallam PUD representation at community and local association meetings
- **Green** = 75%
- **Yellow** = 50-75%
- **Red** = <50%

2022 STRATEGIC PLAN

STRATEGIC OBJECTIVE:
BUILD ON OUR SAFETY CULTURE

Direct Report Lead
Larry Morris, Safety Manager

Definition
An ongoing safety mindset helps ensure employee and public safety; helps prevent injuries, casualties and property damage to minimize risk to the District and public.

Picture of Excellence (POE)
Our employees have safety every day and all day as a first concern - a safety culture is established. Compliance with all applicable regulations and recognized good industry practices, while minimizing injuries, accidents and property damage. District is recognized for its safety program. District is prepared for emergencies (ERRP)

Identified Big Gaps To POE
a. Need to address and reduce most common causes of Injuries
b. Need to reduce Recordable Injuries and reduce vehicle and property damage.
c. PPE not uniformly utilized
d. Safety Committee structure and processes continuous review
e. Safety Recognition Program needs to be developed and implemented.
f. Failure to timely comply with District accident/injury/property damage reporting program
g. Be prepared for emergencies

Strategic Initiatives
(How do we close Big Gaps and get to POE?)

1. Supervisor Training on Labor and Industry reporting, property damage and applicable safety requirements
2. Safety education & training to customers, contractors and employees through safety programs. (such as Schools, Hotline, WEB, Radio, Floats in Parades, Danger signs on property, Home Show, Expo)
3. Complete average of 3 Field employees Safety Audits per quarter.
4. Acknowledgement of work group locations with 1- year accident free.
5. Ensure personnel are provided and utilize quality reliable and up-to-date Personal Protection Equipment and safety supplies.
6. All personnel to keep and maintain a clean and hazard free work space and environment.
7. Conform to all applicable NESC, WAC and new OSHA safety requirements.
8. Develop Awards program that recognizes safety performance and is reviewed quarterly. Recognition of Departments with 1- year accident free.
9. Industry Safety awards recognizes the District for its excellent safety record.
10. Utilize Safety Committee team to review safety processes and examine injuries/property damage/reporting for possible solutions.
11. Procure ERRP materials for emergencies

Key Performance Indicators (KPI)
(How are we doing? - measurement)

Loss Time Injuries reported per quarter (LTI)
- **Green** = < 1
- **Yellow** = < 2- 3
- **Red** = 4 or more

Recordable injuries reported per quarter
- **Green** = < 1
- **Yellow** = 2-3
- **Red** = 4 or more

Educate public on Electrical Safety when requested
- **Green** = %
- **Yellow** = %
- **Red** = %

Recognition of Departments with 1-year accident free.
- **Green** = %
- **Yellow** = %
- **Red** = %

Complete average of 3 Field employees Safety Audits per quarter
- **Green** = > 3 completed
- **Yellow** = > 2 completed
- **Red** = < 1 completed

2022 STRATEGIC PLAN

STRATEGIC OBJECTIVE:
ATTRACT AND RETAIN GREAT PEOPLE!

Direct Report Lead
Jamie Spence, HR Manager

Definition
Providing competitive compensation, benefits, development and promotion opportunities in a healthy and secure work environment. The District recognizes people are critical to our success and helps maintain a proficient and stable workforce.

Picture of Excellence (POE)
The District is known as an excellent employer with outstanding employees. The District attracts and retains great employees that are highly skilled and provide exceptional service with a smile. Our employees are proud of where they work.

Identified Big Gaps to POE
a. Objective performance criteria not well defined or applied for Represented Employees Fire Side Chats
b. Do not have a method to determine employee satisfaction
c. Recruiting highly qualified professionals
d. Lack of full participation in in-house training opportunities
e. Length of time to fill represented positions, (sequential movement and backfill issues)

Strategic Initiatives
(How do we close Big Gaps and get to POE?)
1. Update and review the Employee Handbook on a regular basis
2. Pay employees in accordance to the Staff Compensation Plan and Collective Bargaining Agreement.
3. Encourage development plans for employee growth and potential promotion.
4. Employees attend training and workshops offered by organizations such as NWPPA.
5. Complete an outside compensation and benefits analysis at least every 3 years.
6. Conduct Breakfast Roundtables on a quarterly basis to encourage communication between departments.
7. Provide yearly Anti Harassment training
8. Provide a Benefit Fair training to employees every other year
9. Cross train employees where applicable.
10. Identify key positions and plan for attrition.
11. Provide a competitive total compensation and benefit package to comparable utilities.
12. Work through Labor Management to reduce the time to fill represented positions
13. Refine objective performance criteria for Represented Employees Fire Side Chats
14. Consider outside recruiters for highly qualified professional positions
15. Ensure staff performance appraisals and fire side chats are completed when due
16. Evaluate employee satisfaction feedback methods
17. Assure employees understand Strategic Plan & its benefits.

Key Performance Indicators (KPI)
(How are we doing? - measurement)

Performance Appraisals
- **Green** = 100% turned in on or before due date
- **Yellow** = 100% turned in within first pay period
- **Red** = Any appraisal more than ~~15~~ **30** ~~days~~ past due

Turnover Rate
- **Green** = Turnover rate is <5% last 12 months
- **Yellow** = Turnover rate is 5% to 10% last 12 months
- **Red** = Turnover rate is >10% per last 12 months

Training hosted by HR attendance %
- **Green** = > 95%
- **Yellow** = > 85%
- **Red** = < 85%

RP3 Score
- **Green** = > 90% on RP3 score
- **Yellow** = > 80% on RP3 score
- **Red** = < 80% on RP3 score

2022 STRATEGIC PLAN

STRATEGIC OBJECTIVE:
MANAGE RISK - INTERNAL

Direct Report Lead
John Purvis, Assistant General Manager
Ruth Kuch, Finance Manager/Treasurer

Definition
"Risk" is exposure to the possibility of loss or other adverse or unwelcome effects on the District's Objectives. "Risk management" is the process of identifying, analyzing, planning for, and monitoring risk.

Picture of Excellence (POE)
The District meets or exceeds its Key Performance Indicators for every Strategic Objective by knowing and controlling the risks of loss or other unwelcome results.

Identified Big Gaps To POE
a. No District-wide risk management guidance
b. Need to manage the District's risk exposure in the context of how any undertaking relates to the Objectives in the Strategic Plan
c. Insufficient risk analysis in developing and prioritizing Strategic Projects
d. No District General Policy Manual
e. Outdated Service Area and Franchise agreements.

Strategic Initiatives
(How do we close Big Gaps and get to POE?)
1. Compile District policies into General Policy Manual.
2. Implement risk management policy and educational program for all employees.
3. Annual tabletop exercise on, and ongoing employee awareness of, Emergency Response and Restoration Plan (ERRP).
4. Develop and implement District-wide risk management guidance.
5. Contract template review and update.
6. Contract and procurement procedures review and update.
7. Negotiate with Sequim, Forks, Port Angeles and Clallam County to renew and maintain Service Area and Franchise agreements.
8. Be prepared for emergencies.

Key Performance Indicators (KPI)
(How are we doing? - measurement)

Active Strategic Projects
- **Green** = "On Track" with over 90% of active Strategic Projects
- **Yellow** = "On Track" with 75% to 90% of active Strategic Projects
- **Red** = "On Track" with less than 75% of active Strategic Projects

AEGIS
- **Green** = All AEGIS topics evaluated as "Satisfactory"
- **Yellow** = No more than 1 AEGIS topic evaluated as "Needs Improvement"
- **Red** = Two or more AEGIS topics evaluated as "Needs Improvement"

Claim events paid or compromised
- **Green** = < 7
- **Yellow** = 7-10
- **Red** = > 10

2022 STRATEGIC PLAN

STRATEGIC OBJECTIVE:
MANAGE RISK – External

Direct Report Lead
John Purvis, Assistant General Manager
Ruth Kuch, Finance Manager/Treasurer

Definition
"Risk" is exposure to the possibility of loss or other adverse or unwelcome effects on the District's Objectives. "Risk management" is the process of identifying, analyzing, planning for and monitoring risk.

Picture of Excellence (POE)
The District works with outside agencies such as WPUDA, WPAG and PPC to identify and reduce external risks. Where external risks are only threatening the District, hiring a consultant and/or if adequate internal resources are available, and risk is high, then cost effective risk mitigation should be investigated.

Identified Big Gaps To POE
a. External risks need to be identified and vetted.
b. Any external risks that are not already identified by participating agencies to WA PUDs should be brought to their attention.
c. Identify external risks applicable only to the District utility and not others.
d. Take action on those external high risks identified in "c".

Strategic Initiatives
(How do we close Big Gaps and get to POE?)
1. Prepare for results of BPA joining the EIM.
2. Prepare for final rules impact in CETA and other legislative requirements.
3. Preparation for a large earthquake.
4. Preparation for risk of major wildfires in Clallam County.
5. Mitigate exposure to lawsuits through wildfire preparation in county.
6. Evaluate a major adoption of EVs on District's electric system.
7. Prepare for a pandemic that effects majority of District personnel and ensure adequately incorporated into District ERRP.
8. Preparations in the event the District computer system experience a major breach or ransomware.
9. Periodic Cost of Service analysis to ensure sufficient revenue to comply with legislative mandates and implementation of strategic initiatives.
10. Implement a multi-factor authentication solution to meet the Cyber-security insurance (PURMS) mandate and to harden District user systems sign-in requirements.

Key Performance Indicators (KPI)
(How are we doing? - measurement)

Active Strategic Projects
- **Green** = "On Track" with over 90% of active Strategic Projects
- **Yellow** = "On Track" with 75% to 90% of active Strategic Projects
- **Red** = "On Track" with less than 75% of active Strategic Projects

AEGIS
- **Green** = All AEGIS topics evaluated as "Satisfactory"
- **Yellow** = No more than 1 AEGIS topic evaluated as "Needs Improvement"
- **Red** = Two or more AEGIS topics evaluated as "Needs Improvement"

2022 STRATEGIC PLAN

STRATEGIC OBJECTIVE:
BE FINANCIALLY RESPONSIBLE

Direct Report Lead
Ruth Kuch, Finance Manager/Treasurer

Definition
Manage costs and utilize assets in an efficient and effective way to ensure financial health and stability of the District.

Picture of Excellence (POE)
Maintain at least a Aa3 rating with Moody's Investors Service and achieve the objectives of the Strategic Plan. Manage expenditures within budgeted levels and meet revenue requirements.

Identified Big Gaps To POE
a. Lack of asset management program for replacement of aging water infrastructure.
b. Revenue variations due to weather.
c. No integration of budget process into enterprise software system.
d. Variable storm related expenses.
e. Limited resources to acquire failing water systems.

Strategic Initiatives
(How do we close Big Gaps and get to POE?)

1. Develop budget monitoring process to better and more timely react to areas of cost concerns
2. Provide asset management training and develop an asset management plan. (life cycle cost, etc.)
3. Provide regular progress updates on major projects and contracts.
4. Plan, design and implement projects and technology to reduce future O&M and energy procurement costs.
5. Monitor and review Cash Reserve and Debt Service Ratio Policy
6. Evaluate potential acquisitions of existing water systems to determine financial feasibility.
7. Manage Low Income CETA Program to mitigate rate impacts.
8. Scoping plans for utility scale qualifying CETA projects and corresponding restricted cash account.

Key Performance Indicators (KPI)
(How are we doing? - measurement)

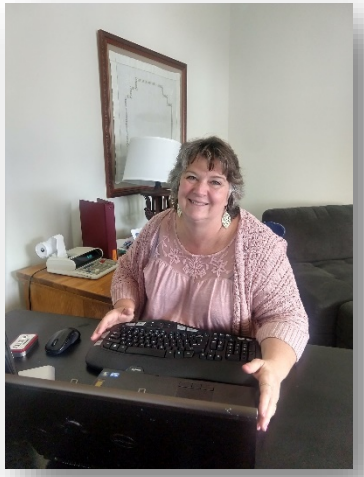
Cash Balance

- **Green** = Cash balance within $500,000 of budget
- **Yellow** = Cash balance within $500,001 - $1,000,000 of budget
- **Red** = Cash balance within >$1,000,000 of budget

Cash Reserves

***moving from 90 days to new 150**

- **Green** = >120 days
- **Yellow** = 90-120 days
- **Red** = <90 days



*A special note of thanks for Energy Northwest in providing help with some Strategic Planning formats