

2023 STRATEGIC PLAN



Bringing Energy To Life™

CONTENTS

Introduction.....	3
About Clallam PUD.....	4
Core Values.....	5
Achievements.....	6
Strategy Pyramid.....	7
Strategic Objectives.....	8
Definitions/Acronyms.....	9
Strategic Objective: Provide Stable Rates.....	10
Strategic Objective: Ensure Reliable Supply.....	11
Strategic Objective: Practice Environmental Responsibility.....	13
Strategic Objective: Continuous Performance Improvement....	14
Strategic Objective: Manage Our Resource Portfolio.....	15
Strategic Objective: Influence Regulatory Issues.....	17
Strategic Objective: Enhance Customer Partnerships.....	18
Strategic Objective: Build On Our Safety Culture.....	19
Strategic Objective: Attract & Retain Great People.....	20
Strategic Objective: Manage Risk – Internal.....	21
Strategic Objective: Manager Risk – External.....	22
Strategic Objective: Be Financially Responsible.....	23



We are proud to present to you PUD #1 of Clallam County's 2023 Strategic Plan.

The 2023 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 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

Leadership is having a compelling vision, a comprehensive plan, relentless implementation, and talented people working together.

~ Alan Mulally

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.

PUDs are community-owned, not-for-profit, and governed by an elected Board of Commissioners under RCW 54.

Today our PUD serves over 27,000 customers with electric service, and over 4,300 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 over 95% carbon-free.

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.



ACHIEVEMENTS

- GFOA Certificate of Achievement for Excellence in Financial Reporting – Annual Comprehensive Financial Report for Year Ending December 31, 2020*
- WPTA Certification of Excellence – Investment Policy
- APPA Reliable Public Power Provider 2020-2023*
- APPA Smart Energy Provider 2020-2022*

**The District has re-applied for these designations for the next period.*

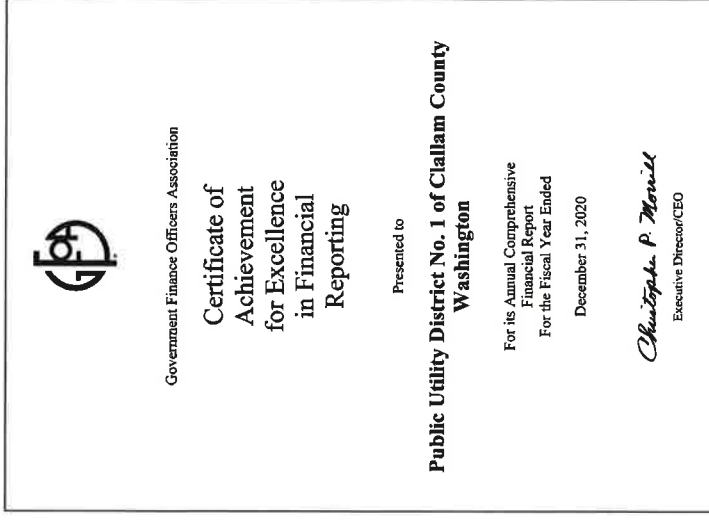


American Public Power Association

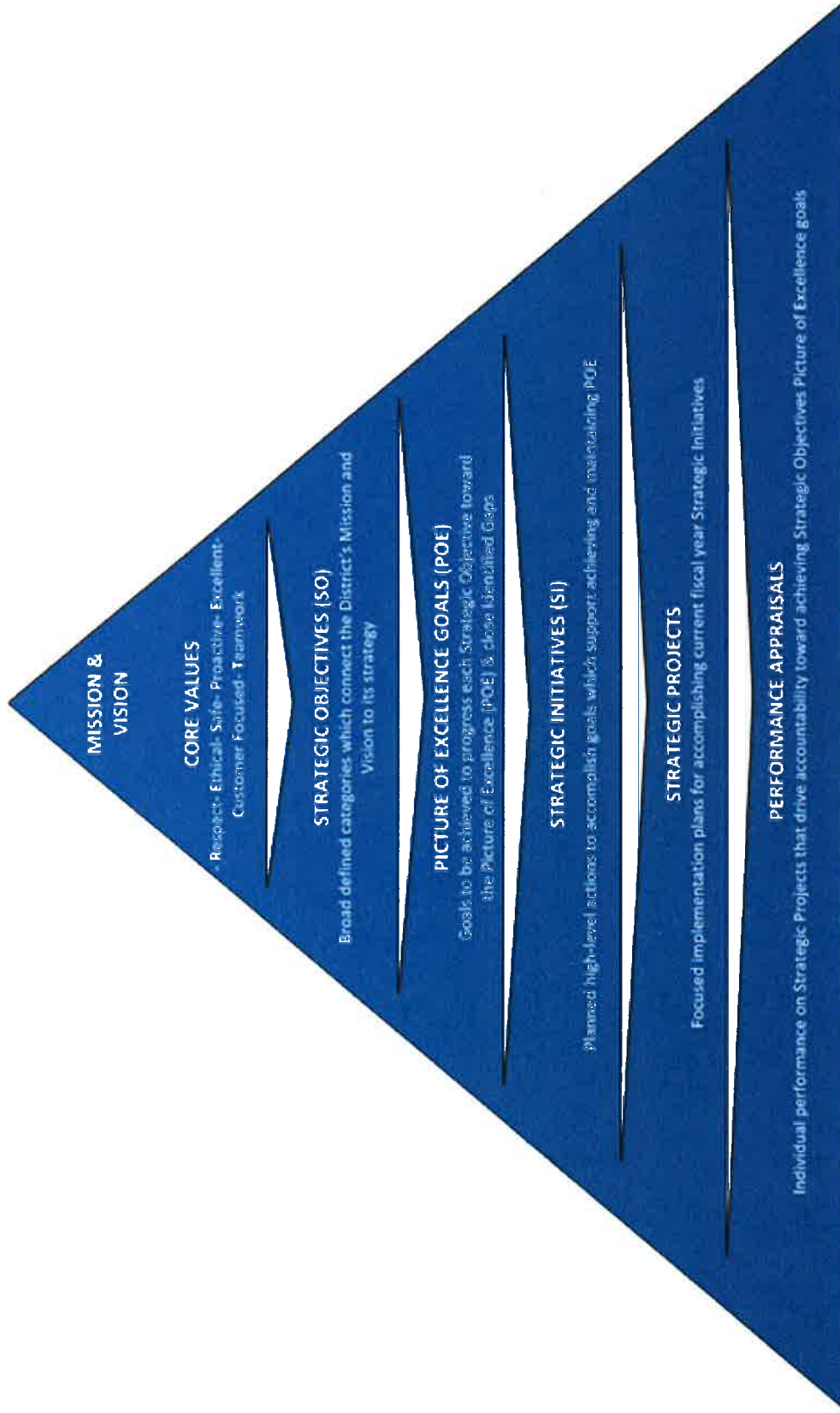


**SMART
ENERGY
PROVIDER**

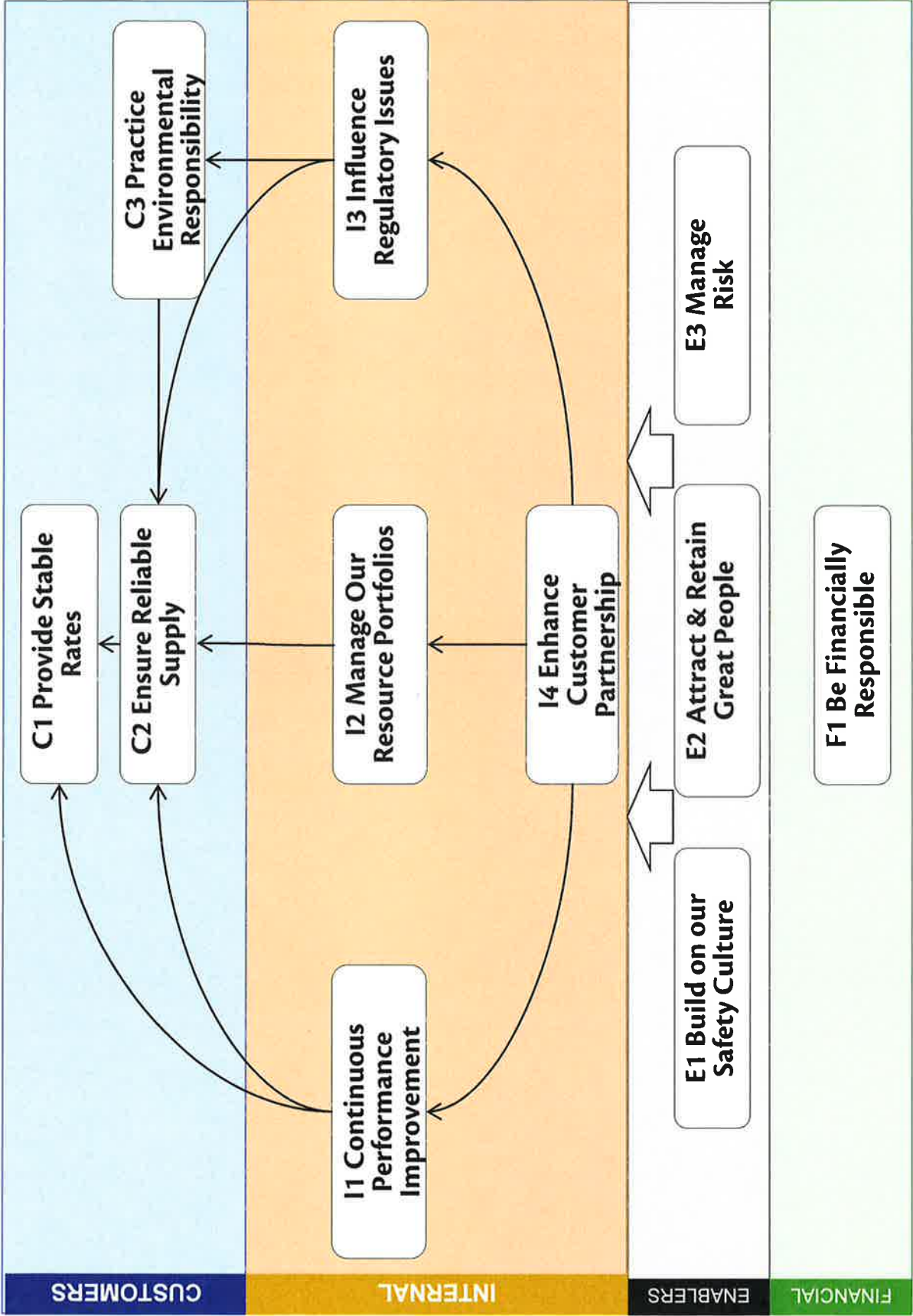
American Public Power Association



Clallam County PUD #1 Strategy Pyramid



STRATEGIC OBJECTIVES



DEFINITIONS

- Picture of Excellence (POE): The perfect picture; where we would like to be.
- Identified Big Gaps to POE: The identified challenges to reaching the POE.
- Strategic Initiatives: Initiatives that will bridge the Big Gaps, to reach the POE.
- Key Performance Indicators (KPI): The measurables that allow us to assess progress towards the POE.

ACRONYMS

- AMI: Advanced Metering Infrastructure
- APPA: American Public Power Association
- AWWA: American Water Works Association
- BPA: Bonneville Power Administration
- CEIP: Clean Energy Implementation Plan
- CETA: Clean Energy Transformation Act
- DOE: Department of Energy
- DOH: Department of Health
- EDC: Economic Development Council
- EIA: Energy Independence Act
- ERRP: Emergency Response & Restoration Plan
- GFOA: Government Finance Officers Association
- GIS: Geographic Information System
- NES: National Electric Safety Code
- NODC: North Olympic Development Council
- NWPCC: NW Power & Conservation Council
- NWPPA: Northwest Public Power Association
- NWRP: Northwest RiverPartners
- OMS: Outage Management System
- OSHA: Occupational Safety & Health Administration
- PNNL: Pacific NW National Laboratory
- PPC: Public Power Council
- PURMS: Public Utility Risk Management Services
- RP3: Reliable Public Power Provider
- SCADA: Supervisory Control & Data Acquisition
- SEP: Smart Energy Provider
- WPAG: Washington Public Agencies Group
- WAC: Washington Administrative Code
- WPTA: Washington Public Treasurers' Association
- WPUA: Washington Public Utility District Association

STRATEGIC OBJECTIVE: PROVIDE STABLE RATES

Direct Report Lead
Ruth Kuch, Finance Manager/Treasurer

Definition

Levelize rate increases responsive to inflation to provide rate stability for District customers.

Picture of Excellence (POE)

Customers experience stable rates with no more than a 2% rate adjustment over the previous 5-year average rate adjustment. Over 10 years, replacement capital costs are within 15% of depreciation.

Identified Big Gaps To POE

- Cost pressures (BPA and conservation) require efficiency measures be identified and implemented to control other costs.
- Environmental and other regulatory as the Energy Independence Act (EIA) & Clean Energy Transformation Act (CETA) upward rate pressures.
- Volatile kWh sales and decreasing system load factor due to conservation and distributed generation.
- Aging infrastructure requires capital improvements and replacement.
- Weather effects on water and power usage affecting cost recovery.
- Alignment of personnel and succession to meet obligations.
- Volatile supply chain issues and inflation.

Strategic Initiatives

- Maintain and use the 10-year projection model to forecast rates, personnel, capital and financing needs.
- Conduct regular Cost of Service studies and implement appropriate rate structures.
- Active participation in WPAG, WPUA, and other industry associations.
- Maintain modeling and tracking of monthly rate revenues.
- Managers track budgets monthly in order to actively manage costs.
- Review of budgets quarterly with managers and supervisors.
- Plan, design, and implement engineering projects and technology to reduce future O&M and energy procurement costs, while enhancing system efficiency.
- Maintain targeted cash reserves to address pandemic, unusual weather events, disasters, inflation, and other unforeseen events.
- Review and maintain Restricted Capital Account to proactively plan for CETA compliance.
- Active participation in BPA Provider of Choice process.
- Control and reduce costs through continuous performance improvement strategic initiatives.

Key Performance Indicators (KPI)

Electric

Revenues/expenses within % of budget (weather adjusted)

- **Green** = Within 5% of budget
- **Yellow** = Within 5 to 8% of budget
- **Red** = >8% of budget

Electric Rate Increases

- **Green** = Within 0-1 % of 5 year average
- **Yellow** = Within 1-2% of 5 year average
- **Red** = 2+% of 5 year average

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

STRATEGIC OBJECTIVE: ENSURE RELIABLE SUPPLY

Direct Report Leads

John Purvis, Assistant General Manager
Tom Martin, Water & Wastewater Systems Manager
Shawn Delpain, Broadband Supervisor

Definition

Provide dependable and high-quality products and services to our customers.

Picture of Excellence (POE)

Customers provided with on-demand and continuous electric, water, and communications service. Outages are kept to a minimum. Emergency events incorporate lessons learned and follow up. Proven and secure technologies provided for electric and water systems. (SCADA, GIS, AMI) Drinking water regulations are met at lowest cost. Successfully adapt to consequences of climate change.

Identified Big Gaps To POE

- Aging infrastructure has negative impact on system reliability.
- Inadequate system looping /redundancy.
- Technologies not fully deployed (AMI, broadband, connectivity, GIS, SCADA).
- Excessive outage duration and frequency.
- Optimize system operations through technological innovation.
- Broadband expansion not financially viable without rate payer subsidy or substantial grant funding.
- BPA transmission outages.
- Infrastructure enhancements required to adapt to climate change.

Strategic Initiatives

Electric

- Conduct comprehensive long-term planning study, every three years with 10-year horizon, with annual review, and effective implementation of associated projects.
- Track cable faults and effectively implement cable replacement projects.
- Develop and implement AMI-, SCADA-, GIS- and OMS-based applications and tools.
- Complete substation modernization and SCADA.
- Plan, design and implement engineering projects to meet future requirements and contingencies
- Plan, design and implement engineering projects and technology to improve system reliability by quantifiable reduction in System Average Interruption Duration Index (SAIDI).
- 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.
- Ensure product is readily available when needed by crews during outages and emergency situations.
- Maintain established vegetation cycles, and management plan.
- Conduct annual ERRP assessment, lessons learned, and conduct ERRP exercises/drills.

Telecommunications

- Develop a 5 year capital plan.
- Comply with Federal and State mandates for broadband network components.
- Encourage, support, and work with local Internet Service Providers (ISPs).
- Develop staff network proficiency and availability.
- Expand broadband for District services with ancillary benefit for underserved and unserved communities

Water

- Study effective managements of outages and make recommendations for improvement.
- Plan, design, and implement engineering projects to replace failing infrastructure.
- Implement SCADA for Panoramic Heights water system
- Implement GIS and asset management system for all water systems:
- Implement a Preventative Maintenance Program.
- Develop looping and redundancy policy and plan.
- Development emergency backup system plan for all pump stations.
- Conduct feasibility studies for climate change resiliency.
- Procure a water truck for drought mitigation.

STRATEGIC OBJECTIVE

ENSURE RELIABLE SUPPLY...continued

Direct Report Leads

John Purvis, Assistant General Manager

Tom Martin, Water & Wastewater Systems Manager

Shawn Delplain, Broadband Supervisor

Key Performance Indicators (KPI)

Electric (Rolling Annual)

- **Green** = SAIDI < 180
- **Yellow** = SAIDI = 180 - 250
- **Red** = SAIDI > 250

Electric (3 Year Cycle)

- **Green** = > 95% on RP3 score
- **Yellow** = > 80% on RP3 score
- **Red** = < 80% on RP3 score

Water: Outages due to Aging Infrastructure

- **Green** = 0-1 per quarter
- **Yellow** = 2-3 per quarter
- **Red** = > 3 per quarter

Water: Operating Permit Status

- **Green** = Green status
- **Yellow** = Blue status
- **Red** = Yellow status

Telecom: District System Availability

- **Green** = > 99.999%
- **Yellow** = 99 - 99.999%
- **Red** = <99%



STRATEGIC OBJECTIVE: PRACTICE ENVIRONMENTAL RESPONSIBILITY

Direct Report Leads

John Purvis, Assistant General Manager
Tom Martin, Water & Wastewater Systems Manager

Definition

Meeting regulatory requirements while recognizing our compliance actions have short and long-term impacts on the environment as well as financial burdens to our customers.

Picture of Excellence (POE)

Meets or exceeds all environmental regulations in a financially responsible manner by implementing cost-effective, proven technologies and initiatives to support conservation and environmental responsibility.

Identified Big Gaps To POE

- Protect existing water rights and procure or mitigate for sufficient new water rights to satisfy DOE & DOH mandates.
- Adequate first responder and backup training for oil spills and other environmental emergencies.
- Uncertain path to resource adequate carbon free power supply.
- Identify long-term disposal/storage of environmental obligations.
- Not geographically situated to take competitive advantage of large-scale renewable resources.
- Limited interest in community solar due to low financial return without incentives or grants.
- Unknowns: compliance costs and effectiveness of conservation rates.
- Underdeveloped relationships with local environmental stakeholders and groups.

Strategic Initiatives

- Assess how regulatory compliance and changes will affect us and our customers.
- Introduce and evaluate fleet electric vehicles.
- Document all environmental regulations, procedures and reporting requirements.
- Procure, recycle, and dispose of equipment and materials in an environmentally safe manner.
- Engineer projects adhering to all local, state and federal environmental requirements and regulations.
- Comply and conform to all local, state, and federal environmental related directives.
- Coordinate with project partners to conduct necessary SEPA and cultural resource review after preliminary engineering task.
- Complete first responder and backup training for oil spills.
- Develop relationships and improve communications/collaboration with environmental stakeholders and groups.
- Incorporate climate-change and environmental impacts in project cost analysis.

Electric:

- Develop and maintain a Clean Energy Implementation Plan (to reduce CO2 emissions)
- Plan and develop sustainable EV charging infrastructure.
- Conduct annual oil spill, Polychlorinated Biphenyls (PCB) and Spill Prevention, Control, and Countermeasure (SPCC) training.
- Conduct periodic site audits of District waste disposal areas and processes.
- Conduct periodic site audits of District waste disposal contractors.

Water:

- Track effectiveness/revenue impact of conservation rates.
- Track costs of compliance for water right mitigation and discharge permits.
- Identify/track climate-change related project costs.
- Evaluate water quality issues and develop low cost solutions.

Key Performance Indicators (KPI)

Electric (Power Supply Carbon Content)

- **Green** = Carbon Neutral
- **Yellow** = 0-10% Carbon
- **Red** = >10% Carbon

Electric (Quarterly)

- **Green** = No violations
- **Yellow** = Investigation of violation
- **Red** = Any violation

Water (Conservation/Revenue)

Average gallons/per day, residential

- Summer (May-Sept)
 - **Green** = 150-225
 - **Yellow** = 225-400
 - **Red** = <150 or >400

Winter (Oct-April)

- **Green** = 100-150
- **Yellow** = 150-225
- **Red** = <100 or >225

Water (Quarterly)

- **Green** = No violations
- **Yellow** = Investigation of violation
- **Red** = Any violation

STRATEGIC OBJECTIVE: CONTINUOUS PERFORMANCE IMPROVEMENT

Direct Report Lead
Jamie Spence, HR Manager

Definition

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

Picture of Excellence (POE)

A culture where all employees are empowered to continuously strive for new ways to improve and incorporate 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.
 - d. Insufficiently effective vertical communication to fully assess/address employee suggestions.
 - e. Inefficient or redundant processes.
 - f. Inconsistent empowerment of employees.
 - g. Employee survey results indicate a need for clearer communications.
 - h. Lack of participation in employee survey.
1. Supervisor training.
 2. Revamp staff appraisal and salary matrix.
 3. Expand, promote, and implement employee suggestion program and ad hoc evaluation committees.
 4. Identify and eliminate redundant processes.
 5. Implement proven industry technologies and applications that improve processes and productivity.
 6. Improve quality and accessibility of data to enhance processes and productivity.
 7. Utilize project and work assignments to develop staff and expand staff competencies.
 8. Integrate Strategic Plan initiatives and KPIs into employee goals, objectives and performance.
 9. Maximize functionality of our integrated NJSC, AMI, and Laserfiche software solutions.
 10. Implement payroll processes that accurately reflect activity and simplify reporting Employee Self Serve (ESS).
 11. Interdepartmental awareness training.
 12. Maintain open channels and feedback opportunities for industry partners and customers

Strategic Initiatives

1. Supervisor training.
2. Revamp staff appraisal and salary matrix.
3. Expand, promote, and implement employee suggestion program and ad hoc evaluation committees.

4. Identify and eliminate redundant processes.
5. Implement proven industry technologies and applications that improve processes and productivity.

6. Improve quality and accessibility of data to enhance processes and productivity.

7. Utilize project and work assignments to develop staff and expand staff competencies.

8. Integrate Strategic Plan initiatives and KPIs into employee goals, objectives and performance.

9. Maximize functionality of our integrated NJSC, AMI, and Laserfiche software solutions.

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11. Interdepartmental awareness training.

12. Maintain open channels and feedback opportunities for industry partners and customers

Key Performance Indicators (KPI)

% Employee Participation in Survey

- ▶ Green = >70%
- ▶ Yellow = 50-70%
- ▶ Red = <50%

RP3

- ▶ Green = >95%
- ▶ Yellow = 80-90%
- ▶ Red = <80%

SEP

- ▶ Green = >85
- ▶ Yellow = 70-85
- ▶ Red = <70



STRATEGIC OBJECTIVE: MANAGE OUR RESOURCE PORTFOLIO

Direct Report Leads

John Purvis, Assistant General Manager
Tom Martin, Water & Wastewater Systems Manager

Definition

Electric: A load-following BPA customer that has an optimized BPA supply that is compliant with WA State CETA as well as other regulatory requirements that meets customer needs and expectations in a manner consistent with the District's mission.

Water: Continually optimized portfolio meeting all resource requirements.

Picture of Excellence (POE)

Maintain an optimized portfolio maximizing carbon-free power supply and water supply while meeting the District's mission. The effects of climate change are factored into all resource availability and use. Water rights are secured as soon as possible for full build out of existing retail service areas.

Identified Big Gaps To POE

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

Strategic Initiatives

Electric

- Monitor CETA rulemaking, develop compliant Resource Plan (RP), CEIP and conduct associated feasibility studies.
- Acquire conservation with a program cost that is less than our avoided cost of power in keeping with stable rates.
- Implement a distribution upgrade program that optimizes energy savings and system reliability.
- Plan, design, and implement engineering projects that cost effectively reduce or optimize line losses and customer conservation
- Complete deployment of AMI.
- Monitor and review CETA compliant power supply technologies.
- Active participation in WPAG, WPUA and PPC to ensure procurement of a cost competitive power supply.
- Long-term full service power acquisitions made at most competitive regional rates.
- Mitigate rate pressure through consistent and innovative enhancements in productivity.
- Engage in BPA Provider of Choice 2028 contract negotiations and coordinate with associations to ensure District concerns are addressed.
- Implement time-of-use rate and demand response pilot projects with participating customers receiving the benefits of the reduction in power procurement cost.

- Support and participate in grid resiliency initiatives.

- Effectively communicate availability and promote development of low-income community solar (House Bill 1814)

Water

- Identify strategies to secure water rights for full buildout.
- Develop in-kind and out-of-kind mitigation projects in collaboration with local stakeholders.
- Look at each water system independently to determine what level of conservation is needed.
- Replace aging infrastructure based on cost/benefit.
- Continually optimized portfolio meeting all resource requirements at the lowest cost.
- Develop strategies for meeting full buildout demand for each water system.
- Identify strategies for groundwater storage in the Dungeness basin.
- Maintain all water sources in active compliance.

STRATEGIC OBJECTIVE: MANAGE OUR RESOURCE PORTFOLIO

Direct Report Leads
John Purvis, Assistant General Manager
Tom Martin, Water & Wastewater Systems Manager

Key Performance Indicators (KPI)

- Conservation**
- **Green** = Conservation < Tier 2 costs
 - **Yellow** = Conservation 100-110% Tier 2 costs
 - **Red** = Conservation > 110% Tier 2 costs

Electric System Losses

- **Green** = <5%
- **Yellow** = 5.0-5.5%
- **Red** = >5.5%

Water (per system)

Distribution system loss rates are within DOH Water Use Efficiency Standards.

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

Ratio of water right supply to full buildout demand

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



STRATEGIC OBJECTIVE: INFLUENCE REGULATORY ISSUES

Direct Report Lead

Nicole Hartman, Communications & Government Relations Manager

Definition

Understanding regulatory and policy issues that affect the District helps us to educate customers and elected officials about the impact of proposed or final legislation which allows us to anticipate and manage our costs and practices.

Picture of Excellence (POE)

The District alone and with affiliated appropriate organizations influences regulatory issues, and protects PUDs from disadvantageous legislation and is successful in implementing legislation that is the interest of our customers. The District receives issue analysis from affiliated organizations and communicates to customers and employees the legislative issues facing PUDs.

Identified Big Gaps To POE

- Minimal influence with state and federal legislators – need for understanding of impact to utilities/ratepayers.
- Lack of customer and employee awareness of the impact of regulatory requirements, new legislation, and initiatives.
- Uncertainty in identifying cost and funding requirements of existing and proposed legislation or initiatives.

Strategic Initiatives

- Work with legislators, stakeholders, and affiliated committees and organizations to support and implement reasonable water, telecom, and electric legislative changes and/or to restrict legislation impacting customers negatively.
- Promote the benefits of Public Power and Local Control at all levels of government.
- Monitor and respond to requests for comment on proposed regulatory, legislative, case law, and code changes.
- Educate policymakers, customers/ratepayers, and employees describing issues and impacts
- Effective staff representation at external meetings.
- Communication conveyed to internal stakeholders about information learned at meetings attended.
- Work with funding agencies and elected officials to develop their budgets to make the necessary funds available.

Key Performance Indicators (KPI)

Clallam PUD representation at affiliated regulatory organizations and committees

- Green = >85%
- Yellow = 60-85%
- Red = <60%

Relevant monthly print or digital

- Green = 100%
- Yellow = 75%
- Red = <75%



STRATEGIC OBJECTIVE: ENHANCE CUSTOMER PARTNERSHIPS

Direct Report Lead

Nicole Hartman, Communications & Government Relations Manager

Definition

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

Picture of Excellence (POE)

Our customers are well informed about District resources, services, public power structure and benefits, and are strong advocates for the District and public utilities. Customers trust the District is a subject-matter expert.

Identified Big Gaps To POE

- Decreasing awareness of the benefits of public power.
- Need for further education to both customers and employees on key issues and understanding the District's business.
- Inconsistent outbound communications undermine customer confidence.
- Measuring District participation in local committees and organizations.
- Lack of awareness in the community of the District as a resource and partner.
- Need to enhance customer experience by eliminating bottlenecks and sources of frustration.

Strategic Initiatives

- Educate employees on public power, District operations, key issues and the District's Mission, Vision and Strategic Plan. (Energy Northwest model)
- Hold GM/senior staff small group meetings and/or annual meetings with employees.
- Commissioner outreach to constituents (i.e. commission meetings in all three Commissioner districts, casual meetings, Public Power Week, etc.)
- Track customer engagement through website and social media trends.
- Provide ample early notification to customers on new, or changes to, products and services.
- Integrate comprehensive customer survey feedback into the strategic plan and projects every 3-5 years.
- Informal surveys to increase customer engagement.
- Enhance partnerships with the community, contractors, organizations, and local governments.
- Engage with customers through community events, seminars, and volunteer activities.
- Continue to utilize educational content/ infographics provided by APPA, AWWA, BPA, NWRP, NWPPA, and WPUA.
- Continually evaluate digital tools to enhance customer access and ease of doing business.
- Coordinate with community partners including PNNL, Tribes, Port, NODC and EDC regarding customer energy projects, including operational feasibility, constraints, and District support of funding opportunities.
- Coordinate with community development partners to promote NOP grid stabilizing generation projects within transmission and regulatory constraints.

Key Performance Indicators (KPI)

Indicator = Website users vs. last 30 days

- **Green** = >5,000
- **Yellow** = 3,500-5,000
- **Red** = <3,500

Indicator = Facebook page engagement

- **Green** = >20% likes to customers ratio
- **Yellow** = 10-20% likes to customers ratio
- **Red** = <10% likes to customers ratio

Community Outreach/Events

- **Green** = >12 per year
- **Yellow** = 8-12 per year
- **Red** = <8

Water (Stakeholder Engagement)

- **Green** = Quarterly
- **Yellow** = Semi-annual
- **Red** = Annual

STRATEGIC OBJECTIVE: BUILD ON OUR SAFETY CULTURE

Direct Report Lead
George Drake, Safety Manager

Definition

A safety-first culture supports employee and public safety, and aids in preventing injuries, casualties, and property damage which mitigates risk to the District and public.

Picture of Excellence (POE)

Safety is fully incorporated into the work culture; such that all employees continually recognize personal and public safety as the primary concern in all work related activities. District maintains compliance with all federal and state safety regulations and recognized for industry best practices. District recognized for its safety program (awards).

Identified Big Gaps To POE

- Need to address and reduce most common causes of injuries.
- Need to reduce recordable injuries and reduce vehicle and property damage.
- Unsure if PPE being uniformly utilized.
- Safety committee lacks structure and authority.
- Safety Recognition Program not fully applied.
- L&I experience factor higher than industry standard.
- Emergency supply procurement not completed.
- Lack of accountability when safety-related injuries/damages incurred.

Strategic Initiatives

- Provide District-wide employee education on the impact and cost of L&I experience factor.
- Identify categorize light-duty opportunities District-wide.
- In-house L&I accident investigation training.
- Ensure documentation of accident/injury investigation are complete.
- Explore new avenues for safety education and training for customers, contractors and employees.
- Complete monthly field safety audits.
- Recognize work groups that are 1-year accident free.
- Utilize existing Excellence in Performance for safety recognition.
- Ensure personnel are provided and utilize quality reliable and up-to-date Personal Protection Equipment and safety supplies.
- All personnel maintain a clean and hazard-free work space and environment.
- Comply with all applicable NESC, WAC, and OSHA safety requirements.
- Restructure safety committee team and authority to enable decision making.
- Complete procurement of ERPP supplies.
- Develop a hazard mitigation plan for each department.

Key Performance Indicators (KPI)

Loss Time Injuries reported per quarter (LTI)

- Green = < 1
- Yellow = < 2- 3
- Red = 4 or more

Accidents/injuries/damages investigation completed

- Green = 100% within 4 working days
- Yellow = 100% within 8 working days
- Red = >8 working days

Recognition of departments with 1-year accident free

- Green = 100%
- Yellow = 90% – 99.9%
- Red = >90%

L&I experience factor

- Green = <1
- Yellow = 1-1.15
- Red = >1.15

Quarterly field employees safety audits

- Green = >3
- Yellow = 2-3
- Red = <2

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 a premier employer with outstanding employees. The District attracts and retains great employees that are highly skilled and provide exceptional service as ambassadors to the District.

Identified Big Gaps to POE

- Objective performance criteria and assessment not well defined/consistently applied for all employees.
- Do not have a way to regularly engage employees.
- Difficulty recruiting relevantly-skilled individuals for all positions on the Olympic Peninsula.
- Applicant process needs to be updated/streamlined.
- Domino effect when backfilling positions impacts departments.
- Inaccurate performance appraisals.
- Staff employee compensation based on performance, position longevity, market, and promotions is not fully objective.
- Misalignment between evolving employee expectations and the District's core values.
- Lack of engagement/awareness between managers/supervisors and their employees.

Strategic Initiatives

- Survey supervisors/managers to identify needed training and provide that training in-house if possible.
- Update Employee Handbook on a biannual basis.
- Promote and encourage employee growth and advancement through available relevant and applicable training.
- Complete comprehensive outside compensation and benefits analysis every two years.
- Conduct monthly small group meetings with general manager, and all-employee meeting every two years.
- Provide annual anti-harassment training.
- Provide Benefit Fair to employees biannually.
- Cross train employees where applicable.
- Identify key positions and plan for attrition/succession.
- Provide a competitive total compensation and benefit package to comparable utilities.
- Work through labor management to reduce the time to fill represented positions.
- Refine objective performance and assessment criteria for represented employees.
- Ensure staff performance appraisals are completed on time.
- Develop a pay for performance defined comp ratio component in the staff salary program.
- Develop an employee engagement committee.
- Conduct annual employee survey and incorporate feedback.
- Assure employees understand strategic plan and its benefits.
- Develop non-monetary benefits.
- Implement NeoGov applicant tracking software.
- Host quarterly empowering video screenings to help inspire employees to become ambassadors.

Key Performance Indicators (KPI)

Performance appraisals turned in on time
➤ **Green** = 100% on time
➤ **Yellow** = 100% within first pay period
➤ **Red** = > 30 days

Non-retirement attrition last 12 months
➤ **Green** = Turnover rate <5%
➤ **Yellow** = Turnover rate 5%-10%
➤ **Red** = Turnover rate is >10%

HR training/meetings attendance %
➤ **Green** = > 95%
➤ **Yellow** = > 85%
➤ **Red** = < 85%

RP3 Score

➤ **Green** = > 95%
➤ **Yellow** = 80-95%
➤ **Red** = < 80%

Monthly employee recognition

➤ **Green** = 3
➤ **Yellow** = 1-2
➤ **Red** = 0

STRATEGIC OBJECTIVE: MANAGE RISK - INTERNAL

Direct Report Lead

John Purvis, Assistant General Manager
Lori Carter, Controller/Auditing Officer

Definition

“Risk” is exposure to the possibility of loss or other adverse effects on the District’s objectives.

“Risk management” is the process of identifying, analyzing, planning for, and monitoring risk.

“Manage Risk-Internal” is associated with risks that can be largely addressed through internal controls and practices within the authority of our jurisdiction.

Picture of Excellence (POE)

The District adheres to a formal risk-management program that identifies and analyzes risk to the District’s strategic objectives to control or minimize loss or other adverse results.

Identified Big Gaps To POE

- a. No comprehensive risk management program in place.
- b. Insufficient risk analysis in developing and prioritizing strategic projects.
- c. No comprehensive physical security policy.
- d. Lack of manager/supervisor training in following procurement regulations.
- e. Lack of documented backup plan in place to address critical staff functions.

Strategic Initiatives

1. Develop and implement a formal risk management program and conduct employee training.
2. Annual tabletop exercise on Emergency Response and Restoration Plan (ERRP).
3. Conduct annual review of, and training on, contract and procurement procedures.
4. Conduct annual anti-harassment and cybersecurity training.
5. Incorporate risk cost avoidance in CIP and strategic project financial analysis.
6. Conduct annual departmental risk assessments, including regular spot-control audits and review/update of internal controls as needed.
7. Complete and implement a comprehensive physical security policy.
8. Develop standard desktop procedures and cross train employees on critical functions.

Key Performance Indicators (KPI)

On track with active strategic projects

➤ Green = > 90%

➤ Yellow = 75% to 90%

➤ Red = > 75%

AEGIS topic ratings

➤ Green = All satisfactory

➤ Yellow = 1 -2 needs improvement

➤ Red = 3 or more needs improvement

STRATEGIC OBJECTIVE: MANAGE RISK – EXTERNAL

Direct Report Lead

John Purvis, Assistant General Manager
Lori Carter, Controller/Auditing Officer

Definition

“Risk” is exposure to the possibility of loss or other adverse effects on the District’s objectives.
“Risk management” is the process of identifying, analyzing, planning for, and monitoring risk.

“Manage Risk-External” is associated with risks that in some or most respects are beyond the control of our authority, however consequences can be mitigated through planning, collaboration, and policies.

Picture of Excellence (POE)

The District consults with outside agencies and subject matter experts to identify and mitigate external risks.

Identified Big Gaps To POE

- a. Emergent external risks may not yet have been identified/analyzed.
- b. Not meeting requirements of insurance underwriter.
- c. Outdated service area and franchise agreements.
- d. Unplanned budgetary impacts due to new regulations, economic uncertainties, and inflationary pressure, are increasing cost of operation and project completion times.
- e. Critical supply chain issues resulting in significant project cost increases, delays, and inability to perform our mission.

Strategic Initiatives

1. Prepare for upcoming CETA rules/legislative requirements.
2. Continue to prepare and mitigate risk of major wildfires and natural disasters.
3. Continue to evaluate and prepare for mass adaptation of electric vehicles on the District’s electric system.
4. Incorporate pandemic lessons learned into ERRP.
5. Prepare to mitigate and recover from a major breach or ransomware impacting the computer system.
6. Implement a multi-factor authentication solution to meet the cyber-security insurance (PURMS) requirements.
7. Negotiate with Sequim, Forks, Port Angeles and Clallam County to renew and maintain service area and franchise agreements.
8. Reevaluate inventory requirements for mission critical components due to potential breakdowns in global supply chains due to pandemics, unrest and conflicts.

Key Performance Indicators (KPI)

On track with active strategic projects

- Green = > 90%
- Yellow = 75% to 90%
- Red = >75%

AEGIS topic ratings

- Green = All satisfactory
- Yellow = 1-2 needs improvement
- Red = 3 or more needs improvement

Claim events paid or compromised annually

- Green = < \$10K paid
- Yellow = \$10K-\$20K paid
- Red = >\$20K paid

STRATEGIC OBJECTIVE: BE FINANCIALLY RESPONSIBLE

Direct Report Lead
Ruth Kuch, Finance Manager/Treasurer

Definition

Ensure financial stewardship by delivering outcomes that demonstrate transparent, effective, and responsible management of District finances.

Picture of Excellence (POE)

Healthy, sustainable financial position supported by active management of District's budgetary plan. Maintain an Aa3 rating with Moody's Investor for Service while achieving the objectives and initiatives of the Strategic Plan.

Identified Big Gaps To POE

- Economic uncertainty and inflationary pressure.
- Supply chain issue impacting cost.
- Revenue variations due to weather and pandemic.
- No integration of budget process into enterprise software systems
- Unanticipated cost from storms and disasters.
- Outdated cash forecasting model.
- Insufficient new supervisor knowledge of budget process and associated reporting.
- Not leveraging all available funding.
- Significant monetary obligations associated with CETA low-income mandates.

Strategic Initiatives

- Educate managers on budget development, review, and analysis,
- Streamline budget reporting process enabling managers to effectively react to budget variances.
- Evaluate and strategize utilization of iVue budget model.
- Improve cash forecasting model to help evaluate and mitigate unplanned economic impacts.
- Provide asset management training and develop an asset management plan (lifecycle cost, etc.).
- Plan, design and implement projects and technology to reduce future O&M and energy procurement costs.
- Manage Low Income CETA Program to mitigate rate impacts.
- Scoping plans for utility scale qualifying CETA projects and corresponding restricted cash account.
- Implement a revised customer charge to mitigate escalating material cost.
- Continue to apply for FEMA reimbursement and other funding when available.
- Ensure appropriate assessment of rates and allocation of costs across each business line without cross-subsidy.

Key Performance Indicators (KPI)

Debt service coverage ratio

- **Green** = >2.0x
- **Yellow** = 1.25x-2x
- **Red** = <1.25x

Debt to asset ratio

- **Green** = <40%
- **Yellow** = 40-50%
- **Red** = > 50%

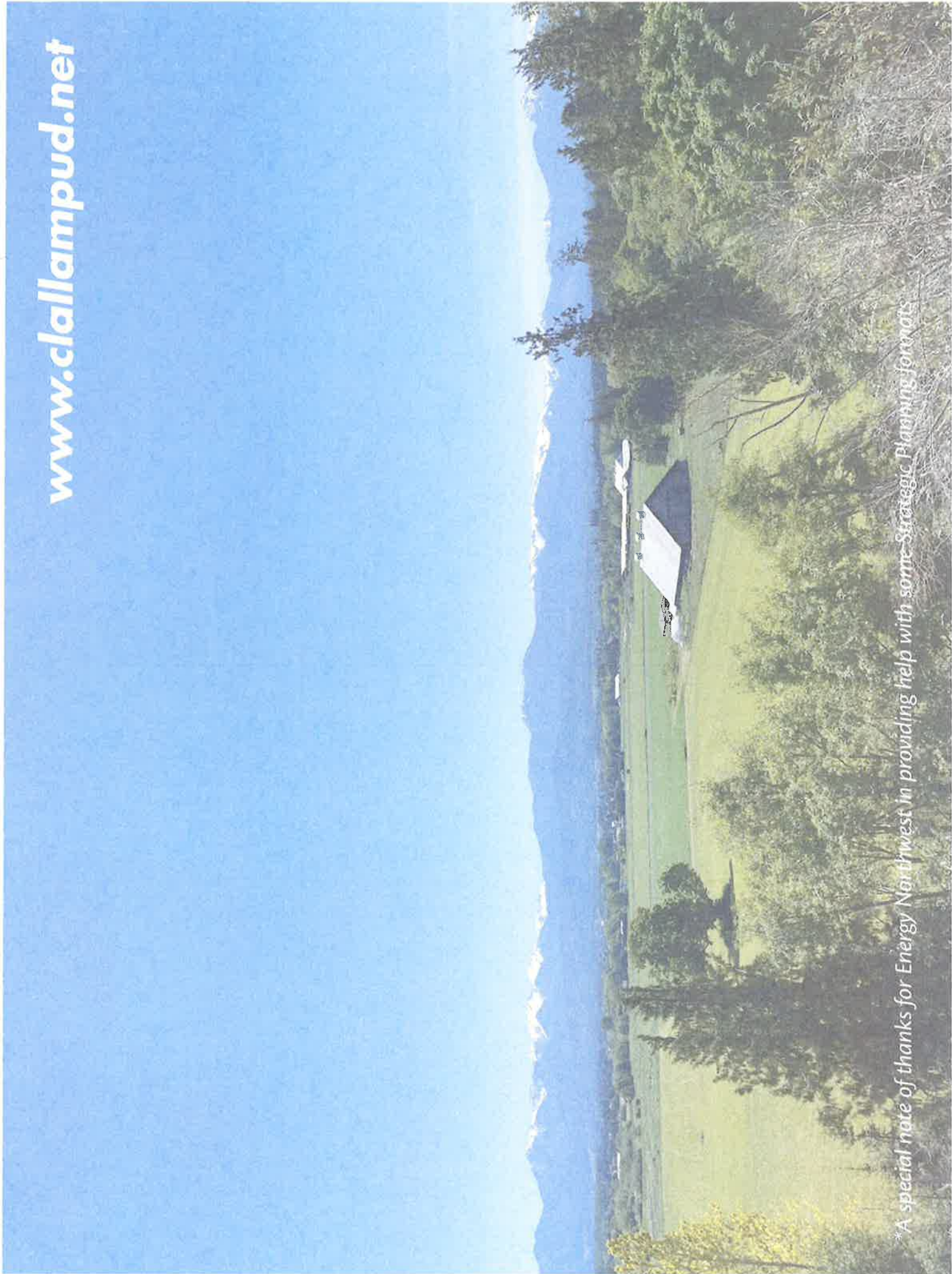
Cash reserves

- **Green** = 150-180 days
- **Yellow** = 120-150 days, 180-210 days
- **Red** = < 120 days or > 210 days



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





Bringing Energy To Life™

Clallam County PUD

Compilation of Public Comment with Staff Response

Re: the Draft 2023 Strategic Plan

August 8, 2022

Table of Contents

Introduction.....3

Written Public Comment Received Prior to Work Session.....4

Verbal Comment Received During 7-25-22 Work Session 12

 Provide Stable Rates – Comments..... 14

 Ensure Reliable Supply – Comments18

 Practice Environmental Responsibility - Comments.....24

 Continuous Performance Improvement – Comments.....25

 Manage Our Resource Portfolio – Comments.....26

 Influence Regulatory Issues – Comments 30

 Enhance Customer Partnerships – Comments32

 Attract and Retain Great People – Comments39

 Manage Internal/External Risks – Comments40

 Be Financially Responsible – Comments42

 General Comments at Conclusion of Work Session.....43

Introduction

This document attempts to convey the comprehensive exchanges during public comments associated with the District's 2023 Strategic Plan and public work session held July 25, 2022. For most comments there is a subsequent Staff response and/or recommendation.

For readability purposes, the following font formatting is utilized:

- A heading for each comment is identified by **bolded underlined text** that includes the commenter's name, association, if applicable, and date of communication.
- Immediately following the header in *italic font* are the comments as written or as a transcript of verbal comments made during the meeting.
- If during the meeting any commissioner, staff member, or member of the public made a response to a preceding comment, these remarks are likewise in *italic font* with a preceding bold header identifying the person making the remark, for example: **Sean Worthington response during meeting:**
- Staff response(s) addressing the comment(s) fall under a heading **Post Meeting Staff Response** in bold blue font, with the response primarily in blue font. If the response refers to existing Strategic Plan language, **the existing language is bolded**, and any recommended language change or addition as a result of the meeting is in **bold red font**.

Written Public Comment Received Prior to Work Session

Written comments from Colleen McAleer, Executive Director of the EDC, dated 7/23/22

July 23, 2022

Dear Commissioners,

Thank you for inviting the Clallam County Economic Development Council (EDC) to provide comment on the PUD's Draft 2023 Strategic Plan. It is an impressive, well laid out, thoughtful guiding document for 2023.

The EDC's goal is to increase the median wage of Clallam County citizens, thus improving the quality of life for those that call Clallam County, home.

First off, we would like to thank the Clallam PUD staff for making the development tool available on the Clallam PUD's website which depicts where there is currently power reserve capacity available. That is very helpful tool and saves us a lot of time as we approach owners of undeveloped property. This along with zoning will help us determine which areas are the most viable for high wage growth locations within the Clallam PUD jurisdiction.

The WA State Department of Commerce regularly shares inquiries regarding innovative, well-resourced companies that would produce incredible economic impacts without a significant detriment to our environment. These companies are frequently large power users or renewable energy generators. However, frequently we cannot compete for opportunities due to power and transmission constraints. Additionally, we understand that local entities such as PNNL and our Tribes have their own renewable energy generation goals that would also support high wage jobs for our existing citizens. Those opportunities are ones that the EDC would like to support.

We understand the constraints the PUD operates under are numerous and complex. As such, we would like to see two strategic objectives considered in your plan.

1. The first is to educate and if appropriate, coordinate with entities, such as, PNNL, the Tribes, the Port, NODC, and the EDC regarding what is possible regarding energy generation locally by existing stakeholders and how these energy generation projects could be developed effectively given the PUD constraints.
2. The second is to actively coordinate with the EDC and other stakeholders interested to define and then market to the types of energy generators that do not currently exist within the County but would be viable given the transmission and CETA constraints.

We thank you for considering our input to your plan.

Post Meeting Staff Response:

Within the comments are specific suggestions to add content to the District's Strategic Plan. Regarding the first suggestion, the District is currently engaging with most of the entities

referenced by Colleen, including participation in planning for an energy summit planned in October for the educational and collaboration purposes mentioned. There is no reason we cannot codify this into the Strategic Plan, and doing so may facilitate working with groups, as opposed to single entities separately. Staff time is already committed to this effort.

On the second suggestion, the District can work further with EDC to help to bring CETA compliant generators into the area. Such generation would improve grid stability, although generation above 20 MW might result in additional parts of the BPA and potentially PUD transmission subject to BES NERC requirements. It is very unlikely such generation would be price competitive with BPA , however generation could be exported to other utilities with carbon restrictions. It would have to be understood that some elements of this initiative are within BPA's wheelhouse, and outside of our authority and knowledge. We can likewise seek BPA's assistance in this effort. It is unlikely that substantial staff time will be needed for this effort.

The following Strategic Initiatives should be added and would support two or more existing Gaps in the Picture of Excellence for the Strategic Objective *Enhance Customer Partnerships*:

- **Coordinate with community partners including PNNL, Tribes, Port, NODC and EDC regarding customer energy projects, including operational feasibility, constraints, and District support of funding opportunities.**
- **Coordinate with community development partners to promote NOP grid stabilizing generation projects within transmission and regulatory constraints.**

Written comments from Richard DeBusman received 7/25/22

Please find my comments and concerns in reference to your Draft Strategic Plan 2023.

1. Page 14, please consider adding g: a need for consistent and clear communication with rate payers including a methodology for commissioners to directly communicate with the people within their district on planning and changes.
2. Page 15, please consider adding j: a big gap is the lack of long term planning for solar farms with battery backup. Note: I realize that John Purvis and others follow the latest developments in this arena however there needs to be aggressive planning for acquiring locations for future installations as one day soon the numbers will work for gaining increased local self sufficiency.
3. Page 15, Electric item 7: Drop PPC
4. Page 17, Strategic Initiative item 4: Make certain that this includes "RATE PAYERS".
5. Page 18, item 3: YES to that.
6. Page 18, item 6: YES to that
7. Page 18, item 7: YES to that

Thanks for the opportunity to give comment. Please note that this is a particularly busy time of the year and had it not been for one commissioner contacting rate payers about the Draft Strategic Plan for 2023, I would have not picked up on it.

Post Meeting Staff Response:

Regarding suggestion #1, it is recognized existing Strategic Objective **Continuous Performance Improvement** and associated innovations may originate with rate payers or customers. The following recommendation of a Strategic Initiative would fall under existing Gap to Picture of Excellence **Need for cost effective implementation and integration of rapidly changing industry proven technologies:**

- **Maintain open channels and feedback opportunities for industry partners and customers.**

While this is more general than the specific suggestion, Staff believes Commissioners are generally available and responsive to customer inquiries and the existing Strategic Initiative #3 under **Enhance Customer Partnerships** otherwise covers the request: **Commissioner outreach to constituents (i.e. commission meetings in all three Commissioner districts, casual meetings, Public Power Week, etc.)**

Regarding suggestion #2, Staff provides periodic updates to the Board on industry trends, including scoping of potential power procurement options, contract restrictions, and costs. Advanced planning for projects or procuring property for such projects would incur costs without a clear return on the investment with potential undesirable rate impacts. At present, a local solar farm with battery backup is not cost competitive with current power supply, nor would it improve upon what CETA definitions consider is an existing carbon neutral power supply.

Regarding suggestion #3, PPC was retained in Strategic Initiative 7 on page 15 after Commissioner review and discussion during the July 7th BOC meeting.

Regarding suggestion #4, Staff believes “rate payers” is essentially equivalent to “customers” and has no objection to modifying the page 17 Strategic Initiative to:

- **Educate policymakers, customers/~~ratepayers~~, and employees describing issues and impacts**

Written comments from Tom Hartig received 7/24/22

To the Council:

You have a very good strategy, planning, and performance hierarchy on page 8. Rate stability and distribution system reliability are the two strategic elements of paramount importance. Let nothing else come before those two tasks. Avoid chasing every renewable energy shiny object unless they support your efforts in these two areas. Renewing the long-term contract with Bonneville Power Administration is the best way to do that.

Of course, comply with renewable energy and low-carbon mandates, but do so at the lowest possible cost. Although you have authority in law to levy taxes on property (RCW 54.16.080), up to this point, you have chosen not to. That's good. Please continue in that tradition. That means you have no source for general revenue, other than from the separate utility operations.

It also means that you cannot cross fund boundaries to subsidize funds from one set of ratepayers to another. (RCW 43.09.210). Please make a point of saying that in the Financial Responsibility section on page 28.

Make every effort to remain in partnership with the relevant public power organizations – we need to multiply our efforts through membership in such organizations. Move carefully and in partnership with others as you consider your role in expanding broadband internet to the more rural areas of our County.

*Tom Hartig
A concerned citizen of Clallam County*

Post Meeting Staff Response:

The above general comments are consistent with existing language in the draft Strategic Plan, although there is a specific suggestion that would add a Strategic Initiative under the Strategic Objective ***Be Financially Responsible***. Staff recommends the following wording:

- **Ensure appropriate assessment of rates and allocation of costs across each business line without cross subsidy.**

Written comments from Brian Grad received 7/25/22

I respectfully submit comments on the Clallam County PUD#1 Strategic Plan.

Reference Slide #10. Water reliability. There is no mention of developing a reliable back up and storage capability. Procuring a water truck for emergencies is a reactive not proactive response. Why aren't water storage tanks and cisterns being considered and integrated into existing systems?

Reference Slide #14. Electric. Items 2,3 and 4. One of the most affordable means of conservation, actually using less electricity, is to add production capability to our grid. There is no mention of encouraging and supporting rooftop solar. Previous comments and attitude towards PV systems by the PUD were negative reinforcement and alleged that rooftop solar actually cost ratepayers who did not or could not afford to install it. A very small and limited production was built as a community solar project but there has been no further examination or support for a broader build out in the County. Rooftop solar offers the benefit of real time conservation, adds flexibility and resilience to the grid and brings cost benefits to all customers. With reference to upgrading and improving the distribution of electricity there is no mention or suggestion regarding the advantages and effectiveness of micro-grids. Incorporating local control and configuration capabilities offers the benefit of flexibility and builds resilience. Energy usage and needs can best be served and tailored to the specific demands of particular communities instead of maintaining a monolithic one size fits all design. Local production and micro-grids will negate line losses and customer conservation.

Reference Slide #15. Strategic Initiatives influencing regulatory issues. Why aren't we promoting an open grid policy by the BPA? The largest barrier to incorporating more renewable and less expensive energy by independent providers is access to the grid. BPA has consistently demonstrated resistance and lack of transparency regarding integration of both wind and solar production which has hindered the transformation and modernization of grid infrastructure. The benefits of conservation and resilience can be achieved by giving affordable access and in turn savings to the customer, maintaining stable rates. Our PUD has no established relationships with the NW and Intermountain Power Producers Coalition and other affiliated organizations offering environmentally sound energy production. The PUD may be in compliance with CETA but is far from engaging in promotion and development of partnerships with producers outside the BPA regime. Instead of maintaining a status quo relationship with the PPC, River Partners, WAPUDA and their affiliates our PUD should be promoting efficient and cost effective policies which will bring strength to our negotiations in long term contracts.

Post Meeting Staff Response:

As communicated to Brian Grad in the 7/25/2022 work session, these written comments request modifications to an old Strategic Plan prior to the substantial changes made by Staff and Board of Commissioners, which include some changes that may address the concerns. Brian Grad indicated in the work session that the reference document was the 2021 Strategic Plan and he would resubmit comments, although much of this may have been conveyed verbally during the work session.

Written comments from Mark Ozias, County Commissioner received 7/25/22

Thank you for sending this our way. Unfortunately the County Commissioners' work session is held this same time on Monday mornings so none of us will be able to attend the work session. However, I expect that all of the Commissioners would be interested to learn more and perhaps to provide feedback and I would like to see if someone from the PUD might be willing to attend one of our work sessions in August for a brief presentation and conversation. If so, we would be happy to accommodate whatever Monday morning works best.

Thank you for this consideration.

Post Meeting Staff Response:

Subsequent discussions and Board action extended the opportunity for written comments through August 5th and established a tentative date for the County to meet with the PUD September 12th to discuss strategic planning more generally. If this meeting results in additional changes to the Strategic Plan, the changes can be incorporated as an addendum to the approved Strategic Plan.

Written comments from Robert Knapp, Environmental Program Manager, Jamestown S’Klallam Tribe received 7/25/22

Thank you for your quick response – on a Friday evening no less. I will endeavor to join the meeting on Monday to learn more about the strategic plan.

Regarding a timeline: I hope we can have comments to you within one to two weeks however, it depends a bit on the availability of Tribal leadership. I will be working to try to schedule this topic to be on the next Tribal Council meeting agenda. The Council schedule will likely dictate how soon I can have comments submitted.

Post Meeting Staff Response:

Robert Knapp requested additional time to make comment, and the Board authorized extended the time for written comments through August 5th. In subsequent communications with Robert the District responded to several questions and volunteered staff to be available for further inquiries.

Verbal Comment Received During 7-25-22 Work Session

Jim Scheunemann, verbal comment during work session, slides 1-9, 7/25/22

I want to laud you (on the SP) it is well written and well-presented and I really appreciate I just wish I had more time to read it. I laud the design and clarity and particularly the acronyms. I definitely need the acronyms in order to understand what's happening here.

Staff Response During Meeting:

Opportunity for written comments have been extended to 8/5/22.

Jim Waddell, verbal comment during work session, slides 1-9, 7/25/22

An observation here: we don't mention the Northwest Power and Conservation Council anywhere in our strategic plan. I noticed that it's not in the acronyms my guess is this because we didn't mention it anywhere. But, since it is a group that we spend over \$100,000 a year on, I think we should mention them somewhere in here.

Sean Worthington response during meeting:

We can add that (NWPPCC to the acronyms)

Post Meeting Staff Response:

Incorporated into slide 9 is the acronym: **NWPPCC: Northwest Power and Conservation Council**

Provide Stable Rates – Comments

Jim McEntire, verbal comment during work session, slide 10, Provide Stable Rates, 7/25/22

This element of the strategy, I think, is the most important of all of them all mainly because of the effects of inflation on median household income in Clallam County. Right now, as of 2021 that's the latest information that's available on the Office of Financial Management's website. The median household income in the county is \$51,900 and something is just a shade less than \$52,020 21 is before really in inflation really took off or it as it was taking off, so the numbers are going to look on an inflation adjusted basis, even worse in 2021 the inflation adjusted number had diminished a household purchasing power over the previous 10 years by about \$1500 dollars that's going to that inflation adjusted number is going to go down in a significant way when we get to 2022 numbers so rate stability and doing everything possible to limit the price increase that household see for.

Electric power is going to be key to the overall Strategic Plan and key to the ability of households in Clallam County particularly working families and those on fixed income that are retired that's going to be really key toward keeping them in a situation where they can where they can live and make ends meet. I think is a very good Strategic Plan you've done a really good job, putting this together.

Jim Waddell response during meeting:

At our discussion at the last meeting about this particular objective I thought we were going to play with some wording to put in here that we will do whatever we can to keep rates as low as possible, maybe even reduce them. We also, as I think most people realize we're changing the rate adjustment from 1% to 2% and granted it doesn't sound like much, but it could add up very quickly given, particularly the economic situation that Jim McEntire just pointed

John Purvis response during meeting:

Maybe I can clarify what the discussion in the last meeting revolved around. This was one percent and now at the outside limit 2%, and that's based on departures from the five-year average now next year, we have a we have a board approved rate increase of two and a quarter percent which is relatively low, right now, because of board action, we do not anticipate that being elevated due to the high inflation and energy that's now double-digit national level. This number will effectively achieve that goal, largely to mitigate the swings and inflation, because we are limiting our opportunity for future rate increases substantially. By implementing these targets, and that was the basis of the previous discussion, and I think Sean did a calculation of what the 2% was based on the five year average it was much lower than common perception, I think it was 2.8% so if we go by this parameters, even if we are at 2% that would limit the rate increase to 4.8% well under inflation, and we do not believe we're going to depart from the two and a quarter percent that is already approved by the board, I believe that was the nature of the discussion last meeting.

Sean Worthington response during meeting:

You're right John it was it was if we went off the last five- year average is at 1.8 to 4.8 that's right, I remember that now.

Will Purser response during meeting:

I think that you have to put some qualifying language in there that there is pressure on rates, given as Jim McEntire just talked about the inflation and the resource adequacy issues, all the things that are putting pressure on rates. So, I guess 1% doesn't sound very realistic.

Post Meeting Staff Response:

Recommend keeping the proposed POE and targets. Based on 5-year history, the existing target for worst case rate increases are not more than:

2023 – 2.25%

2024 – maximum 3.8% (green) 4.8% (red)

2025 – maximum 4.06% (green) 5.06% (red)

The current year over year electric energy inflation at a national level is about 13%. The POE and KPI targets are very much a challenge in the current high inflation environment, however through our existing reserve policies, prudent management of funds, Board action on transformer capacity charges and passing previous inflationary rate increases during COVID, Staff believes the District is well prepared to weather a temporary high inflationary transient without passing costs immediately to customers. If high inflation proves to be long term, we may seek a modification in POE and associated KPI next year. Regardless, the BOC will approve actual rate increases based on future events and are not bound by the Strategic Objective POE, and may change strategic targets at any time.

Brian Grad, verbal comment during work session, slide 10, Provide Stable Rates, 7/25/22

I don't see anything mentioned whatsoever about adding production capacity here in the county specifically rooftop solar and possibly when conservation is essentially using less energy off the grid and that's what rooftop solar does. It is not necessarily any specific cost to the PUD. So I don't see any initiatives there's no mention regarding that and as far as BPA efficiency measures, there was the DOE report about climate change and hydro that was first issued in 2003 and according to that plan or that report it was supposedly mandated by the Secure Water Act Section 9505 that there be submitted the first report to Congress in 2003 and subsequent reports every five years, have you used any of those reports or had access to those reports regarding the impacts of climate change on hydro specifically BPA hydro, that would give you a better picture to include in your strategic initiative for controlling this cost pressures?

And then there is something I thought was kind of presumptive regarding cost upward cost pressures caused by EIA and CETA and it seems to me that if there's any upward cost pressure it's because of access to the transmission lines that BPA controls. And that there is more affordable energy. Perhaps that would give us options for flexibility and configuration than we currently have, but the cost of wind is definitely competitive with hydro and much, much less than nuclear. That's just something that's lacking in the report here that's all endpoints.

Post Meeting Staff Response:

The two strategic initiatives under *Enhance Customer Partnerships* recommended by Colleen largely covers local generation:

- **Coordinate with community partners including PNNL, Tribes, Port, NODC and EDC regarding customer energy projects, including operational feasibility, constraints, and District support of funding opportunities.**
- **Coordinate with community development partners to promote NOP grid stabilizing generation projects within transmission and regulatory constraints.**

For a variety of reasons, including a low-capacity factor impact on transmission costs, the most current financial analysis of Wind generation results in a cost greater than BPA Tier 1 supply. Rooftop solar is well established and widely known program within Clallam County for which individual property owners elect to enter into a net metering agreement based on their cost benefit analysis with the District subject to State requirements. The District is currently promoting low-income community solar for which the State is heavily funding eligible agencies over the next 4 years. The reason for promoting low-income community solar is that any EAN reduction will facilitate meeting our CETA Section 12 targets. Staff recommends adding the following Strategic Initiative to *Manage Our Resource Portfolio* to formalize this effort:

- **Effectively communicate availability and promote development of low-income community solar (House Bill 1814)**

The proposed Strategic Plan already includes language associated with climate change within three Strategic Objectives:

- ***Ensure Reliable Supply* POE: Successfully adapt to consequences of climate change.**
- ***Ensure Reliable Supply* Gap to POE: Infrastructure enhancements required to adapt to climate change.**
- Strategic Initiative: **Conduct feasibility studies for climate change resiliency.**
- ***Practice Environmental Responsibility* Strategic Initiatives:**
 - **Incorporate climate-change and environmental impacts in project cost analysis.**
 - **Identify/track climate-change related project costs.**
- ***Manage Our Resource Portfolio* POE: The effects of climate change are factored into all resource availability and use.**

Furthermore, BPA has informed us they incorporate expected climate change impacts in their planning and projected power supply estimates.

Ensure Reliable Supply – Comments

Jim Scheunemann, verbal comment during work session, slide 11, *Ensure Reliable Supply*, 7/25/22

Do you have some research in terms of reliable supply when you have something like a Cascadia event we're on our own completely and what do we have in terms of battery backup and solar - would be another way of dealing with. Having localized production of power, obviously, would be nowhere near you BPA production levels, but at least it would give us some sort of a buffer if there was downed power lines and such so I don't see that in the plan or any proactive research or studying. I would suggest having that in the plan somewhere in terms of reliability/reliable supply. I know it may not be in our lifetime. Global warming/climate change in terms of severe weather events that take down town lines and so on - basically I'm suggesting that there be something put in the plan proactively which would involve battery backup or renewable energy sources of energy production here on the Peninsula.

Rick Paschall response during meeting:

Sean, didn't we have trouble getting people to sign up for the solar project we have downtown?

Sean Worthington responded during the meeting

Yes, it was very difficult to get full subscription on that Rick, and that was with an incentive that has since expired.

John Purvis response during meeting:

*I have some information that might be useful for the recent commenters regarding effects of climate change. We made substantial revisions to the Strategic Plan, and I believe Brian's recommendation is covered in the **Manage Our Resource Portfolio** slide. James, we made some detail changes on the consequences of climate change more towards the water department, and also the electric and that is included among our various Strategic Objectives. As far as the climate change, I think we need to focus on **Manage Our Resource Portfolio** and we added that to the Picture of Excellence. It is probably not appropriate to talk about that, on the reliability supply, because the definition is a little bit different, however we have made changes on both points and incorporated language into the Strategic Plan.*

Post Meeting Staff Response:

Staff has evaluated the potential consequences of a Cascadia event. Solar and backup power supply, if operating with a microgrid controller, may offer individual customers a means of supplying their load during a long-term outage, however they also consist of components that will likely be subject to the same major event. In some ways this would be comparable to a backup generator, with a non-carbon supply. Since our service territory receives far less solar over the winter season, the most reliable microgrids in the future will likely be based on hydrogen generator or fuel cells, perhaps coupled with a renewable source producing the hydrogen used for seasonal storage. Regardless, such power sources are extraordinarily

expensive without subsidy or grant funding. At utility scale, the technical problems associated with operation of an island including spinning reserve, equipment excitation, voltage and frequency control become even more substantial. These issues are not normally present in smaller systems operating in a net meter arrangement where the grid and net meter controller handle these functions.

Richard DeBusman, verbal comment during work session, slide 11, *Ensure Reliable Supply*, 7/25/22

In response to the comment about having trouble selling the shares through the community solar farm there's another issue here. I sat down at the Coop for several days in a row, and I was absolutely astounded at the number of people are interested, but did not know about that process, so I am suggesting that maybe there's another problem when it comes to this kind of thing.

Jim Scheunemann, verbal comment during work session, slide 11, Ensure Reliable Supply, 7/25/22

In terms of supporting this sort of a community project and trying to get people involved what I discovered was that it's one of those holes in terms of PUD and that is getting out to the public. The whole community solar project there wasn't publicity, there wasn't enough outreach to the community about it. You had like one or two people from what I understood promoting it at that point, and so you just need more ability to do that, or just more focus on that.

Post Meeting Staff Response:

The Sequim Community Solar project included the following costs:

- Customer subscriptions = \$108,350 (Contract and materials cost)
- State incentive contribution (RESIP) = \$34,287.68
- PUD in-kind contributions = \$47,553.39
 - PUD Labor = \$27,806.97
 - 25-year O&M NPV = \$11,400
 - Advertising for subscriptions = \$8,346.42

The above District contributions were in recognition of both an R&D benefit, including availability to data that is very useful in modeling and documenting performance of such systems going forward, and were required to ensure a marketable ROI for participants. In addition, the District donated a property valued at \$26,826 for the 25-year project life and the property change of use permitting condition required a wood or decorative iron fence valued at \$54,950. The high fence cost was somewhat unexpected, as the old chain link fence was nearing end of life so the project was not charged this cost. The permitting cost associated with situating such sites in municipalities and/or high-density areas can be very high. Unless the State provides a new incentive comparable to RESIP, and unless a secure site without high land and permitting costs is available, it is highly unlikely we could fully subscribe a second community solar. However, there are significant State grants becoming available in 2023 for assistance agencies to install low-income community solar, and a new strategic initiative previously mentioned is included to assist the future effort:

- **Effectively communicate availability and promote development of low-income community solar (House Bill 1814)**

The District and community partners made substantial efforts to ensure the Sequim Community Solar project was fully subscribed, including the following:

- News release on demonstration project 12/2018
- 1st quarter article in the *Hotline* newsletter 1/2019 (the *Hotline* is sent to all PUD customers)
- FAQ developed for distribution at home shows, events, social media, and website
- Community Solar banner prominently on website homepage to link to Community Solar content page

- In-lobby giant “thermometer” showing progress towards goal of full subscription
- Countertop signs and information sheets at all CSR windows
- Banner at physical site
- 2nd quarter “Now selling” banner in Hotline 4/2019
- Radio ads running county-wide
- Ad in NPBA newsletter
- Ads in PDN special publications
- Second news release that units are now available for purchase 4/2019
- Messages are included on customer billing statements
- PowerTrip assists with cross-promotion: <http://powertripenergy.com/clallam-pud-offers-30-kw-of-community-solar-get-it-while-its-hot/>
- 3rd quarter (7/2019) full page about the project along with announcement of two “Open House” presentations to be held in conjunction with PowerTrip who also help to cross-promote the events on their social media
- Boosted social media posts about the project and open house events
- Event listings are added to the PDN and Gazette event calendars online
- Digital banner ads running on PDN websites
- Promotion at the County Fair 8/2019
- Sold out 9/25/2019

The District received significant assistance and support from members of the PowerShift organization that ensured the community solar project was fully subscribed.

Brian Grad, verbal comment during work session, slide 11, Ensure Reliable Supply, 7/25/22

I think it would be helpful to talk about incorporating new engineering and projects that would allow for continuous improvement but what about the idea of specifically calling out innovative approaches to doing that such as incorporating micro grids, in particular, communities and areas which would improve things like line loss, allow for flexibility and configuration to the specific needs and the demands of those particular communities. This is a pretty good plan, but I'm not seeing a whole lot looking towards the future here in terms of what kind of goals/specific outcome would you perceive as being that of an improvement from what we have now. I don't think it's all that clear in looking at the initiatives here. As part of continuous improvement, I suggest that you include an ongoing effort to research new methods and technology to achieve performance improvement, delivering reliable stable power at the cost-effective rates.

Post Meeting Staff Response:

The District Mission **Providing reliable, efficient, safe, and low-cost utility services in a financially and environmentally responsible manner** governs all Strategic Objectives and initiatives and within the current document are frequent references that supports what is conveyed above. The proposed addition of a strategic initiatives under **Enhance Customer Partnerships** recommended by Colleen largely covers this sentiment in that many of these partners or affiliates have expressed interests in microgrids:

- **Coordinate with community partners including PNNL, Tribes, Port, NODC and EDC regarding customer energy projects, including operational feasibility, constraints, and District support of funding opportunities.**

Practice Environmental Responsibility - Comments

Jim McEntire, verbal comment during work session, slide 13, *Practice Environmental Responsibility*, 7/25/22

I just wanted to commend you for your phraseology in the Picture of actual Excellence paragraph, I think that that nails it.

Continuous Performance Improvement – Comments

Jim Scheunemann, verbal comment during work session, slide 14 *Continuous Performance Improvement* 7/25/22

I really appreciate, really like the Picture of Excellence. Slide looks great.

Manage Our Resource Portfolio – Comments

Jim McEntire, verbal comment during work session, slide 15, *Manage Our Resource Portfolio*, 7/25/22

My suggestion would be to weave into this particular slide some concept of pareto-optimality quality, which is really the law of diminishing returns. We are approaching I think it's 95% or 98% of power that's from renewable sources, right now, hydro power, principally, of course. The more that you try to reach 100% the more costly it gets just in general. So that's a rate driver so somehow or another acknowledge the law of diminishing returns, you have to comply with the law, of course but you should strive to do it in a way that that doesn't drive rates higher than what they normally would be with a with a long-term contract with BPA so my only global suggestion is to do something at some words along those lines, just so that you're acknowledging the fact the more that you try to get 100% the more costly it's going to get just in general.

Post Meeting Staff Response:

This comment is consistent with most outside studies, however 100% carbon free power supply is mandated by the State post 2044, irrespective of cost. Public opinion on this topic varies considerably so Staff recommends not including any reference in the Strategic Plan that can be interpreted as pushing back on a mandate that is already approved by the State. We will continue to work through affiliated organizations and power suppliers to bring attention to the high cost of achieving the last few % of a power supply with no carbon, and the State will have future opportunities to make modifications before 2045, if needed. Staff does believe the very low carbon BPA supply in combination with relatively low-cost renewable energy credits will allow our utility to maintain carbon neutrality as mandated by CETA through 2044, and to achieve 100% carbon free power thereafter is expected to be at less cost for our utility compared to the utilities that now have a significant portion of power that is carbon based.

Brian Grad, verbal comment during work session, slide 15, Manage Our Resource Portfolio, 7/25/22

As kind of an add on to what Jim McEntire was just speaking about it is true that trying to get to 100% that that last little bit of capture can be prohibitively expensive, but it can also be offset by recognizing and relinquishing attachments to things that are costly and yield no specific benefit and which can be essentially replaced. So, one may look at improvement and managing the resource, as is not merely holding on or adhering to a status quo kind of outlook our allegiance to a specific goal. You note in and for instance the strategic initiative Item number seven active participation WPAG and PPC. I don't see any involvement with other independent providers such as the Northwest and Inner Mountain Independent Power Producers and other affiliates who essentially act as another resource for us and could bring additional cost benefits and savings to the PUD.

My suggestion is that, although in the pursuit of excellence in the in the Picture of Excellence I don't know is that you can get there just by continuing to maintain this kind of status quo relationship with the existing players in the market, because things change things evolve and it's true you can take everything into consideration, but I see some things here that are missing in terms of the outlook for the future, so my suggestion is that you look further into networking and expanding your relationship with other providers that would also put some pressure on BPA to act a little more responsibly to their customers regarding options for power. (I am suggesting) that you not only consider dealing with BPA but that there are other options available that would give more accountability to our customers. I understand the importance and significance of maintaining this legacy relationship that we have with BPA, but in some ways, I don't think they've been all that transparent with their customers, the PUDs in the state. For instance, PPC and the latest River Partners campaign talking about other assets in the system, I think that doesn't help the dialogue, I think there's a certain amount of dishonesty and lack of transparency there and it doesn't benefit our understanding and our relationship with being proactive for the customers in Clallam County. I just think that in addition to the current relationships that we have with what WPUD and WPAG that we need to establish further outreach in the in the energy community.

Sean Worthington response during meeting:

So, Brian just a clarifying question - are you suggesting that we relinquish our load following status with BPA and then go into the market to procure?

Post Meeting Staff Response:

Our PUD is actively engaged with BPA, WPAG, WPUDA and other organizations on options associated with our power supply and associated flexibility. As a load following customer our current position is somewhat limited in that we are contractually obligated to receive BPA Tier 1 supply for the preponderance of our load; current projections suggests that this is a desirable position in that we expect to maintain the CETA obligation of a carbon neutral power supply for up to two decades into the future at what according to current forecasts is expected to be the lowest estimated costs. However, the wording in the Strategic Plan for *Manage Our Resource*

Portfolio POE includes: **Maintain an optimized portfolio maximizing carbon free power supply and water supply while meeting the District’s mission. The effects of climate change are factored into all resource availability and use.** This means as conditions change, we will adapt to meet the POE.

In addition, Staff believes the proposed addition of a strategic initiatives under **Enhance Customer Partnerships** recommended by Colleen in part addresses the comment:

- **Coordinate with community development partners to promote NOP grid stabilizing generation projects within transmission and regulatory constraints.**

Smaller generation, less than 100kW, which can be configured as a microgrid that normally operates in a net metering capacity, will be eligible for compensation at the retail rate up to their annual consumption, regardless of utility cost.

James Scheunemann, verbal comment during work session, slide 15, *Manage Our Resource Portfolio*, 7/25/22

In terms of dealing with particularly a carbon free power supply and the effects of climate change I don't see any verb verbiage in there about educating the ratepayers in terms of energy conservation. I know it's being done but I'm thinking that it needs to be more proactive. I know it gets done once or twice a year, I guess it's in paper I don't know if it's done more, but something about educating the rate players in terms of energy conservation. The other thing would be just a number 12 support and participate in grid resiliency initiatives: (It would be) more proactive to assign a point person probably John Purvis is that point person in terms of research and design for grid resiliency initiatives.

Sean Worthington response during meeting:

*I think that's in our **Enhance Customer Partnerships** slide.*

John Purvis response during meeting:

Let me volunteer some information, this is a new initiative that we implemented recently, and we are engaged with a variety of outside organizations interested in grid resiliency, micro grids. etc. We're working with them now and that's now codified into the Strategic Plan.

Post Meeting Staff Response:

This comment is addressed in the Strategic Objective **Enhance Customer Partnerships**; including Definition, POE, Gaps to POE and multiple Staff-proposed Strategic Initiatives, in addition to Colleen's proposed Strategic Initiatives previously mentioned.

Influence Regulatory Issues – Comments

Will Purser, verbal comment during work session, slide 17, *Influence Regulatory Issues*, 7/25/22

Participation in some of these public power organizations is how that's really accomplished. You can leverage from 30,000 - 35,000 customers in Clallam County to three or four million customers that these belong to these organizations so that's an effective way to do it.

Brian Grad, verbal comment during work session, slide 17, Influence Regulatory Issues, 7/25/22

Working with other providers of energy in terms of influencing policy: I think it would benefit the ratepayers of Clallam PUD if we could get BPA to be more transparent and how they allow other agencies and organizations to access the distribution network. After all, it is a federally funded network, it was built with federal dollars, and I think that somehow this maintenance of firewall more or less and I'm not sure exactly what all the reasons are why BPA charges so much for access to their network, but I think that putting something in there to influence them that that is something we would like to see would be a helpful thing. That should be part of our role because allowing people access to renewables which are competitive in cost, should be an important part of the Strategic Plan.

Rick Paschall response during meeting:

Bonneville has an Open Access Transmission Tariff – that means that anybody can get on and use their transmission and it's a level playing field between BPA power and any other power suppliers. See:

<https://www.bpa.gov/energy-and-services/transmission/tariff#:~:text=The%20Open%20Access%20Transmission%20Tariff,offered%20by%20BPA%20Transmission%20Services>

Post Meeting Staff Response:

The Strategic Objective ***Influence Regulatory Issues*** is rather narrow in that it focuses on proposed or pending legislation or regulations, and the ability of our utility to influence the outcome. However, the sentiment of the comment is covered in other Strategic Objectives, including: ***Manage Our Resource Portfolio, Provide Stable Rates, Enhance Customer Partnerships***. PUD staff and Commissioners work through affiliated organization and public power more generally to influence BPA contractual matters, including transparency and customer choice.

An overview of these discussions is a part of a recurring agenda item during our regular board meetings. Additional information is available here: <https://www.bpa.gov/energy-and-services/power/provider-of-choice>

Enhance Customer Partnerships – Comments

Jim Scheunemann, verbal comment during work session, slide 18, Enhance Customer Partnerships, 7/25/22

I would really encourage more proactive Commissioner outreach. I know we rate payers are a pain in the butt sometimes in terms of our critiques and so on, and part of it is you know some of us are uninformed so I would definitely encourage more public education of the concerns and problems with PUD. I know this is part of it, right now, but you reach probably about what 2% of the rate payers and I don't know how many people are really interested, hopefully more than 2%. That would be a challenge for you all to increase your outreach. I would just encourage having that in the mission - outreach is great and that may be the beginning steps in that direction. An educated public is important and helpful.

Post Meeting Staff Response:

Staff understands our customers and rate payers who are subject to PUD terms of service and service conditions are likewise the “owners” of the utility. In almost all respects, customer owners are preferable to stockholder owners. In any event, the PUD staff and PUD Commissioners are accountable to the ratepayers. The more customers are informed and familiar with the PUD and public power more generally, the better the organization becomes. We do devote slide 4 of the Strategic Plan to this effort as well as strong statements under the objective **Enhance Customer Partnerships** Definition, Picture of Excellence, and Identified Big Gaps to POE. In fact, every single existing Gap touch on the general concern and the existing Strategic Initiative: **Commissioner outreach to constituents (i.e. commission meetings in all three Commissioner districts, casual meetings, Public Power Week, etc.)** applies directly to the specific suggestion.

Brian Grad, verbal comment during work session, slide 18, Enhance Customer Partnerships, 7/25/22

I know that the role of the PUD is expanded regarding water and telecommunications, and I know that you're working to expand access to broadband, especially into the some of the further rural areas. What about working with our local ISPs giving them some kind of access to funding to further flesh out what is in the near time and closed in areas like mine? I contacted Rick and spoke with Shawn about providing access to cable right down the road from where you guys are. We've got seven homes right my little community here don't have cable, there was an exorbitant bid that was worked up by a PUD to do that if that seems completely aligned with what we're capable of using and broadband is becoming more important also just in terms of the values of properties people move in they want access to Internet and what we have here is pretty special. What I'm suggesting is that sharing the grant money that you obtain with companies like Astound and some of the other ISPs in the area would possibly help bring internet in to areas that are really close proximity to where you are, but yet seem as remote as Clallam Bay or even further out in Forks or LaPush and places like that, which by the way probably it's not really cost effective to run cable out there, as well as maybe just using Star Link or something like that. My suggestion is discussing a partnership that we're expanding access to broadband, working with other ISPs in the community for funding and possibly even the labor.

Sean Worthington response during meeting:

We have extensive relationships with all the ISP that we serve here and Shawn Delplain like you mentioned is actually going for a middle mile grant that would build out to the Forks area and we're working with ISP that would be interested in obtaining those customers and hooking into those middle mile lines. Shawn works with all requests for providing service, however it is something that we do have to provide at cost and we can't subsidize the broadband system with electric ratepayer money to do those build outs.

John Purvis responded during the meeting:

*Some of these topics are covered under the **Ensure Reliable Supply** slide.*

Post Meeting Staff Response:

The concerns represented in this comment are shared by Staff, including a risk that Star Link presents a risk of stranded cost if it proves more cost competitive to alternatives. The following proposed strategic initiatives are associated with **Ensure Reliable Supply** and a related Broadband Gap to POE:

- **Encourage, support, and work with local Internet Service Providers (ISPs).**
- **Expand broadband for District services with ancillary benefit for underserved and unserved communities**

The District works closely with all local ISPs, including Astound and Lumen, and has applied for four broadband grants, however without success thus far. The District is currently working

closely with the County and Astound on the Highway 112 awarded grant, and is currently working on and will submit a middle mile grant to connect Port Angeles with Forks. Astound and others are likewise working with us in this effort.

Jim Scheunemann, verbal comment during work session, slide 18, Enhance Customer Partnerships, 7/25/22

Number 10 over here says continue to utilize educational content infographics provided by and you listed all these names organizations, I just have one comment, and that has to do with Northwest River Partners. I don't see them as having any in terms of their information no scientific critical context that they look at BPA and it's like BPA can do no wrong, and I would really love it if they would rather than just be an advertising agency for BPA that they would actually do some critiques of the information and the data that comes out of BPA. But it's not it's just basically you know BPA's wonderful, there's no problems with BPA and that is disingenuous so that's just a comment that I have in terms of all the information I've seen from Northwest River Partners. I was looking for some sort viewpoint other than just the positive. There must be some actors(?) that need looking at and worked on that isn't communicated by them.

Post Meeting Staff Response:

Staff utilizes the educational content and information graphics of our affiliated organizations, as well as other content that is available in the public domain. The Board of Commissioners approve affiliated organizations on an annual basis. It is understood that many, if not all, such organizations could have an institutional bias that should be considered in use of materials. In BPA 2028 Provider of Choice discussions, it is our experience that the preponderance of Public Power does not assume BPA is without problems, and there are many areas Public Power has and will continue to push back and influence BPA on behalf of our customers and customer interests.

Brian Grad, verbal comment during work session, slide 18, Enhance Customer Partnerships, 7/25/22

To clarify/ reiterate my comment about broadband access I wasn't suggesting that the PUD use ratepayer money, but I know that there is infrastructure money being made available and I don't think there's any specific guidance or directive how you use it so you essentially are creating your own policy about how you want to use that money, and so being creative is an important thing. You say you're working with the other ISPs. That doesn't seem to be common knowledge at all. I have attempted myself several times to communicate with Astound about working with us in this regard, they just won't get back to me. Now I don't know if there's a genuine disregard or reluctance on their part to work with the PUD but certainly it would seem like some of that money that is going to go to help build out access for the west end of the county. I mean I'm not suggesting that you're being discriminated but the near term or middle miles - what are you what are you doing for the rest of the community, like areas like where I live, and I know there are a lot of them that are the cables just down the road and we just can't seem to get any response whatsoever and I'd like to see some of that infrastructure money applied to our needs and what can you do about that. So, I think that that is something missing in the customer partnership here. Have you had any support from our or asked for support from our congressional delegation regarding getting access to software infrastructure money for the county here?

Sean Worthington response during meeting:

We have not received any grant money. We've applied for numerous grants and have been denied all of them. We are working on a middle mile grant that goes out to Forks, but there are strict parameters that if you receive funding, it has to go directly to that project. You can't deviate and say oh I'm going to take a portion of the money and go build something over here. We have strict guidelines as far as O & M on maintaining what we put in and so it's there are very, very strict parameters on what you have to do with the money and how you have to maintain the system that the grant funds.

John Purvis response during meeting:

We are working very closely Astound on the middle mile grant application which will be submitted in September. We are also working closely with the county on the Highway 112 grant, we're very involved in that; it's just not in public view, at this time.

Post Meeting Staff Response:

This comment clearly illustrates the challenges associated with expansion of rural broadband. It is very costly from both a capital and O&M standpoint. The PUD is a member of the County Broadband Action Team and WPUDA, who along with PUD staff effectively communicate the local challenges we experience to State Representatives and the State Broadband office. District staff has also discussed challenges associated with our current middle mile project between Port Angeles and Forks with Representative Kilmer.

With respect to the Strategic Plan, Staff has proposed language to illustrate this in the Slide on **Ensure Reliable Supply** Identified Big Gap to POE: **Broadband expansion not financially viable without rate payer subsidy or substantial grant funding.** In addition, four of the five

proposed Telecommunications Strategic Initiatives touch on this Gap. Recently Staff has communicated directly with our congressional representative to overcome potential broadband barriers associated with federal agencies.

Brian Grad, verbal comment during work session, slide 18, Enhance Customer Partnerships, 7/25/22

Regarding the item 10 referencing to the infographics without detracting from others efforts to portray or illustrate their considerations about the way the system works there is something missing there and I don't know if it goes back to the environmental concerns, but we know that BPA, a fair amount of money that they have is tied up in working to provide access for fish up river and that that is a big part of what the picture is on the Columbia power generation, and I think it's only fair that that be taken into consideration if we're going to talk about the benefits of hydropower we also have to talk about being responsible in regards to that part of the environment, which is really missing entirely from the picture that I see be presented. So, I think it would be a balanced view and I know a lot of people in the in the county in the community have strong feelings about the fish and the orca and I don't see that reflected in our view. We're not being proactive in that regard so I'd like see something mention about that, what we could do about it.

Post Meeting Staff Response:

As a load following BPA customer, the District does not dedicate substantial resources to do detailed analysis of power generation and associated issues as the topics are somewhat outside of staff expertise and experience. Primarily, the PUD is a local electric and water distribution company. Senior staff does attempt to keep current and informed on power generation through a wide variety of organizations, resources, reports, and papers representing a wide variety of views. Staff fully recognizes there are both pluses and minuses with all forms of power generation. With respect to the cost associated with fish access and hydro power, the District has utilized graphics based on BPA information to illustrate the cost of fish mitigation in BPA power supply. Item 10 simply means leveraging the content provided in order to save staff resources. Such content includes campaigns like Hydro Flows Here, The Value of Water, More Powerful Together, Call Before You Dig, etc.

It is recognized that the mission statement ***Providing reliable, efficient, safe, and low-cost utility services in a financially and environmentally responsible manner*** in application is subject to interpretation by those with varying views.

Attract and Retain Great People – Comments

Brian Grad, verbal comment during work session, slide 20, Attract and Retain Great People, 7/25/22

Your personnel are outstanding people. Every time I come across someone working for the PUD. They are a really professional, caring crew and dedicated to the mission. I congratulate the PUD making great workplace

Jim Scheunemann responded during the meeting:

I agree on that too.

Post Meeting Staff Response

As incorporated in the definition of this Strategic Objective, the **District recognizes people are critical to our success ...** Great people are a prerequisite to a highly successful organization.

Manage Internal/External Risks – Comments

Jim McEntire, verbal comment during work session, slides 21 and 22, Manage Risks Internal/External, 7/25/22

When I read this, I couldn't quite get if we're if we're discussing systemic risks to power distributed power generation acquisition and distribution, or if we're talking more about financial risk. In the current operations and new operations that you're contemplating over the life of the Strategic Plan and maybe just my ignorance about how this one in the external risk one risk slide to follow interact, but I just thought this was a little bit unclear. This might be a little bit more clear if it were cast as risks of any variety, to the ongoing operation of PUD. External risks I think of or more policy related in terms of rational policy for X, Y or Z or natural disasters go more I think in the internal risk because that directly affects that the operations of the PUD.

Sean Worthington response during meeting:

It's all encompassing, to answer your question – It's financial and other risks associated with say wildfires or property damage, storms, all of that.

Post Meeting Staff Response:

Manage Internal and External Risks were a single Strategic Objective before 2022. They were separated to categorize and avoid this confusion. To correct and clarify, Staff proposes new definitions for each independent Strategic Objective:

- **“Risk” is exposure to the possibility of loss or other adverse effects on the District’s objectives. “Risk management” is the process of identifying, analyzing, planning for, and monitoring risk. “Manage Risk-Internal” are associated with risks that can be largely addressed through internal controls and practices within the authority of our jurisdiction.**
- **“Risk” is exposure to the possibility of loss or other adverse effects on the District’s objectives. “Risk management” is the process of identifying, analyzing, planning for, and monitoring risk. “Manage Risk-External” are associated with risks that in some or most respects are beyond the control of our authority, however consequences can be mitigated through planning, collaboration, and policies.**

Brian Grad, verbal comment during work session, slides 22, Manage Risks-External, 7/25/22

Regarding issues with components and parts, particularly transformers - a lot of that stuff is beyond your control but do you have a plan where your inventorying/cataloguing parts with possibly higher rates of failure that you want to maintain a spare parts inventory for? I know that would normally be a part of your operations but because of the pandemic and now other confusing factors like the Ukraine war seem to be affect everything. Are there other things that you can do to mitigate some of those shortages or her that could bring the system down because we don't have parts?

John Purvis responded during the meeting:

We did add a Gap, as well as an initiative associated with these subjects. Gap E on external risk and initiative 8.

Sean Worthington responded during the meeting:

The Gap is critical supply chain issues resulting in significant project cost increases delays and inability to perform our mission, and then the initiative is to reevaluate inventory requirements for mission critical components data potential breakdowns and global supply chains to the pandemics unrest and conflicts.

Post Meeting Staff Response:

The comment is addressed by Staff-proposed language:

Identified Gaps to POE:

E. Critical supply chain issues resulting in significant project cost increases, delays, and inability to perform our mission.

Strategic Initiative:

8. Reevaluate inventory requirements for mission critical components due to potential breakdowns in global supply chains due to pandemics, unrest, and conflicts.

Be Financially Responsible – Comments

Richard DeBusman, verbal comment during work session, slides 23, *Be Financially Responsible*, 7/25/22

About belonging to PPC: the amount of money we're paying to an organization such as that who appeared to just be a lobbyist organization, I think we need to take an honest look at that.

Will Purser and Sean Worthington responded during the meeting:

We no longer belong to PPC

Post Meeting Staff Response:

The District does not pay dues to PPC.

General Comments at Conclusion of Work Session

Ken Hays, written comment within ZOOM Chat function during work session, 7/25/22

The document doesn't include any long-range goals or implementing policies to enact the strategic initiatives. Without these elements the document is not a Strategic Plan. At best it is an internal work plan. The plan doesn't appear to be based on ratepayer and key stakeholder participation. The initiatives must be customer driven; customer centric always asking how they benefit the ratepayers.

Post Meeting Staff Response:

The District's Strategic Plan serves as the guiding principles from which Staff develop long term plans and strategic projects to accomplish the strategic initiatives. Each such strategic project includes a cross reference to the strategic initiatives they are associated with, and the significant projects are approved by the board as part of the budget process. Where applicable, Strategic Initiatives are incorporated into District resolutions and policies.

Richard DeBusman, verbal comment during work session, general comment at conclusion of work session, 7/25/22

I am duly impressed with this process and I thank you for putting all this together. When I think back to when I first appeared on the scene here five years ago walking into a Commissioners name was almost like a hostile environment. And not now it's like hey we've got an exchange going here we're exchanging ideas. This is really good I'm really impressed, and I thank you guys for that. The one arena that I would like you to consider is assigning the Commissioners the task of communicating with their constituents in their district. I don't see much of that. I think there needs to be a significant amount of that so that we can be aware of such things as what's going on today well in advance and have input to our Commissioner so he's aware of how we feel on things.

Jim McEntire, verbal comment during work session, general comment at conclusion of work session, 7/25/22

Let me just note by saying some ideas are better than others and it's okay for the Commissioners to push back if they think it's unwise for the operations and for the benefit of the ratepayers and customers.

Jim Waddell, verbal comment during work session, general comment at conclusion of work session, 7/25/22

Sort of a general comment that I don't mean it to directly impact what we're doing with this Strategic Plan: Last week at the WPUDA meeting several PUDs presented their strategic plans and operational plans and what was evident to me and I have seen in some of the comments here in the chat and some of the comments made by folks before is that we perhaps are missing some of the longer-term vision or objectives or strategies or strategic initiatives that we might want to work with over time. I think that it might be worth it - if you didn't hear those presentations I can talk more about them at some point - about the way that they had organized strategic and operational five-year operational plans down to one-year operational plans, not that we need to spend a lot of time and money coming up with more documents, but maybe just something as simple as a couple of pages that kind of look more long range that we start building into our strategic planning process as we go forward.

Post Meeting Staff Response:

The District develops many working documents, policies, standards, engineering planning studies, operating and long-term capital plans associated with core functions based on the concepts and initiatives outlined in the Strategic Plan. The documents already exist, however only a limited number of these materials are communicated at a high level to the public or Board during board meeting staff reports. Modifications to the Strategic Plan often result in changes in these documents. As one example, the system impacts of electric vehicles became a topic in the 2018 Electric System Planning Study, and the topic was greatly expanded in the 2021 study, in a way that is consistent with what was presentations to the Board in 2021. Electric vehicle loads are considered in load growth estimates and modeling, which then drives the 10-year capital infrastructure plan. These complex relationships and details are not easily conveyed in or incorporated into the Strategic Plan.