2021 Q2 Budget to Actuals

Aug. 10, 2021

2021 Q2 BvA Outline

1) **BvA Reporting**

   - Process, Granularity, & Responsibility

2) **Q2 Overview**

3) **O&M**

   - Overview
   - Division View
   - Functional View
   - Cost-Type View
   - Variances

4) **Labor**

   - Headcount
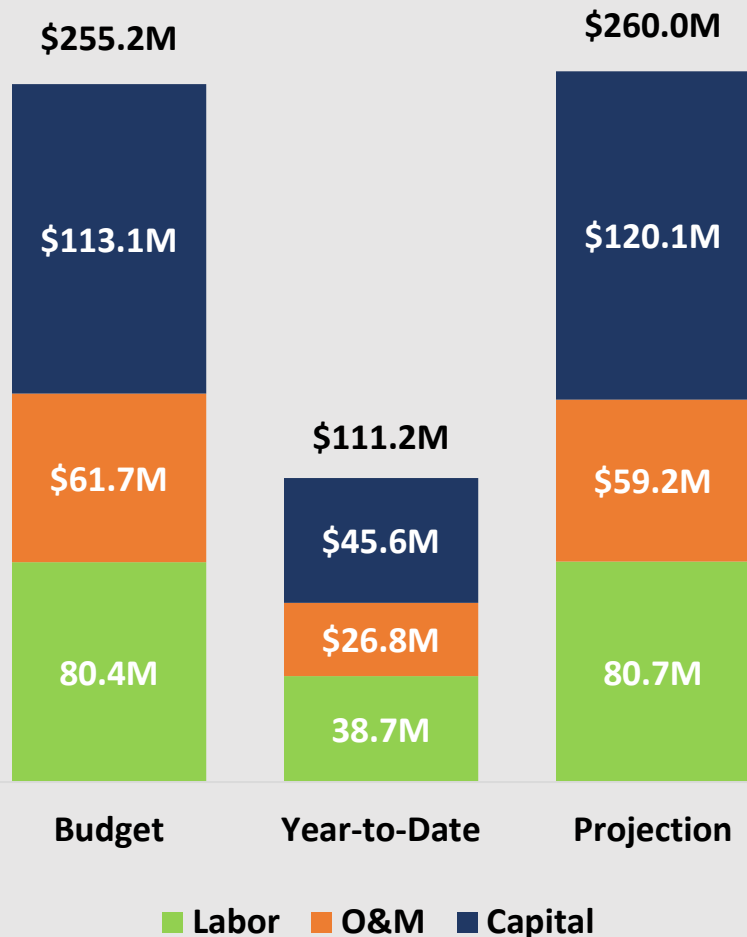   - Overtime
   - Direct Labor
   - Divisional View

5) **Capital**

   - 2020 vs 2021
   - Portfolio View
   - Variances

6) **Enterprise**

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2021 Directs Year-End Projection Overview

2021 Q2 Budget to Actuals
Projected Variance $12.3M

	Budget Spent To-Date	Projected Year-End Variance $	Projected Year-End Variance %
Direct Labor	48%	$0.3M	0%
Direct O&M	44%	-$2.5M	-4%
Direct Capital	40%	$6.9M	6%
Total	20%	$7.8M	3%

Budget
- $255.2M
- $113.1M (Capital)
- $61.7M (O&M)
- 80.4M (Labor)

Year-to-Date
- $111.2M
- $45.6M (Capital)
- $26.8M (O&M)
- 38.7M (Labor)

Projection
- $260.0M
- $120.1M (Capital)
- $59.2M (O&M)
- 80.7M (Labor)

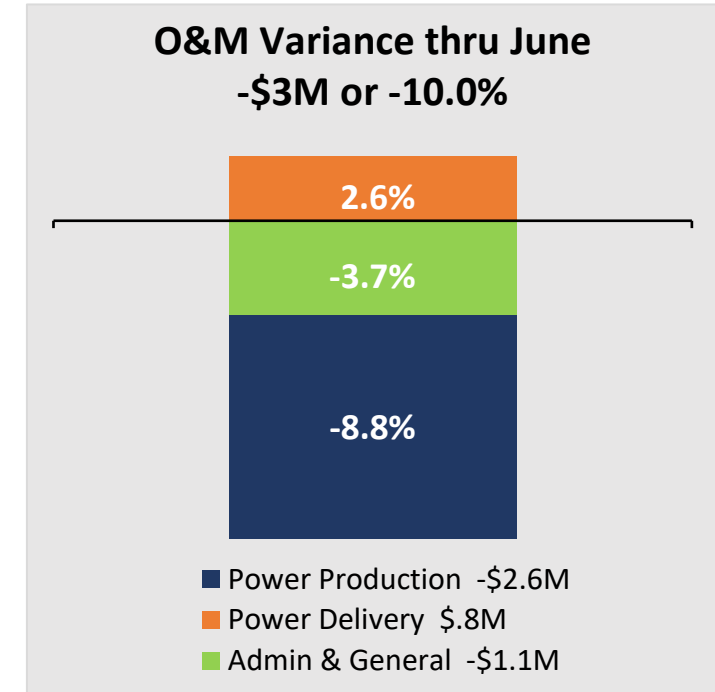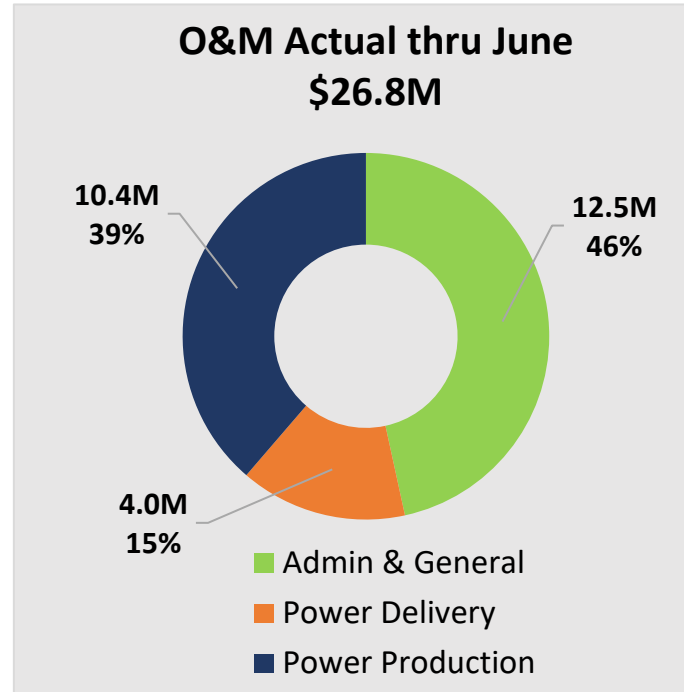**Labor** **O&M** **Capital**
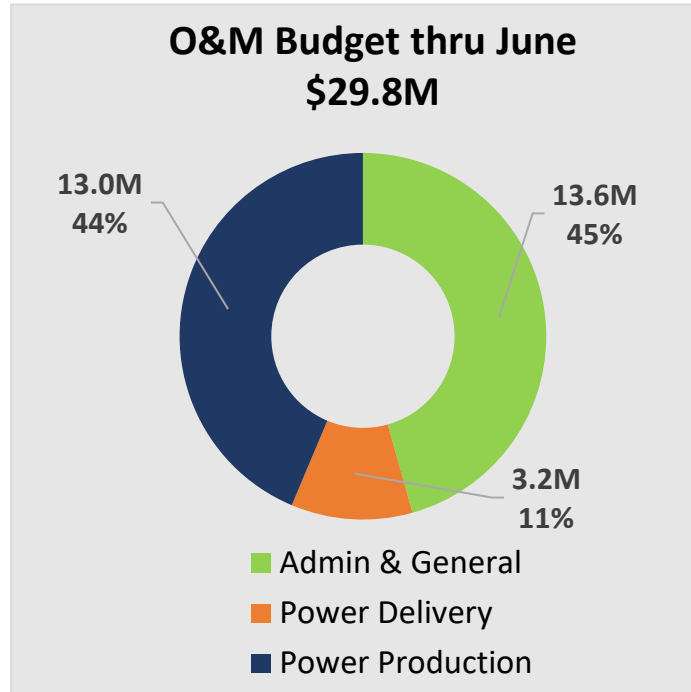
Comparison with Prior Years

- Q2 2020 O&M spending was at 39% of its annual budget target and Q2 2019 O&M spending was at 39%.

- Q2 2020 Labor spending was at 49% of its annual budget target and Q2 2019 Labor spending was at 50%.

- Q2 2020 Capital spending was at 34% of its annual budget target and Q2 2019 Capital spending was at 28%.

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O&M by Division

O&M by Division

	Budget	Year-To-Date	Projection
Total	$61.7M	$26.8M	$59.2M
COO	$32.9M	$15.8M	$32.5M
CFO	$22.1M	$8.M	$20.4M
CCO	$4.9M	$1.6M	$4.1M
Board/GM/Attorney/Fiber	$1.8M		$2.2M

Legend: ■ Board/GM/Attorney/Fiber ■ CCO ■ CFO ■ COO

O&M Variance by Division
-$2.5M or -4.0%

- 0.6%
- -0.7%
- -2.8%
- -1.1%

■ Board/GM/Attorney/Fiber $.4M
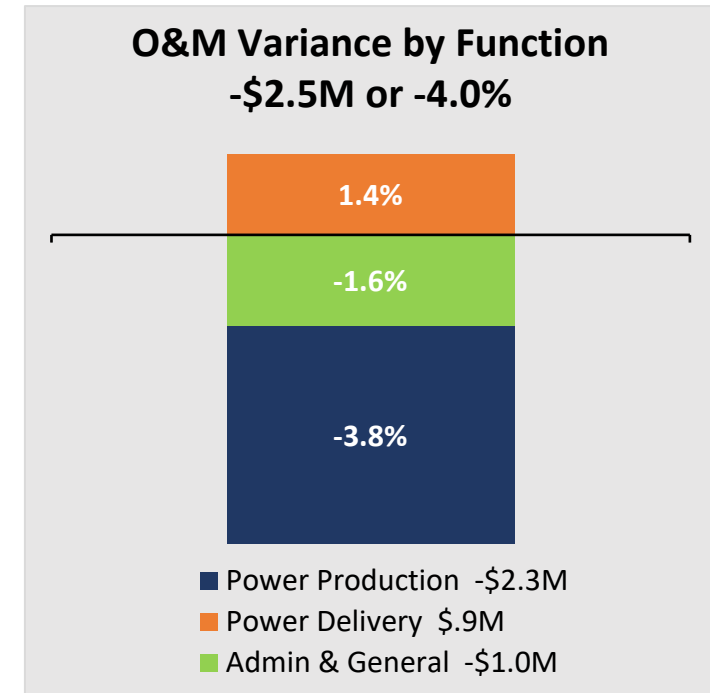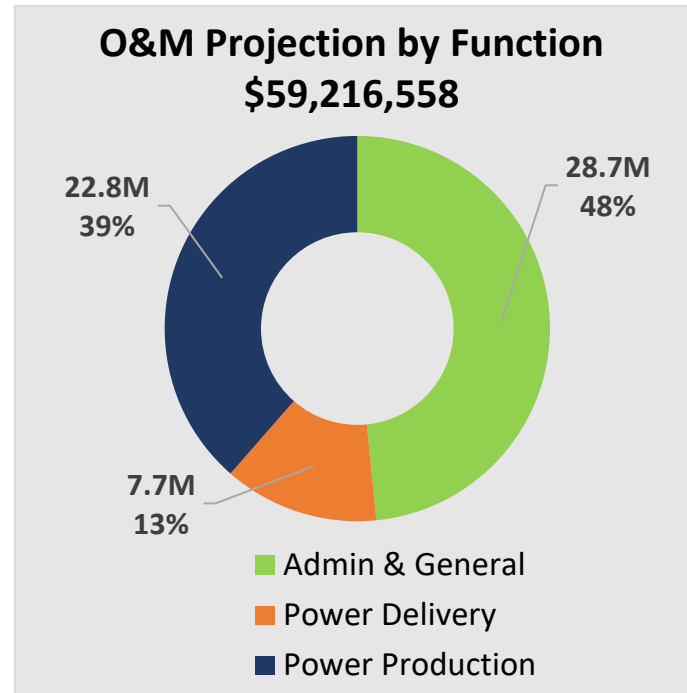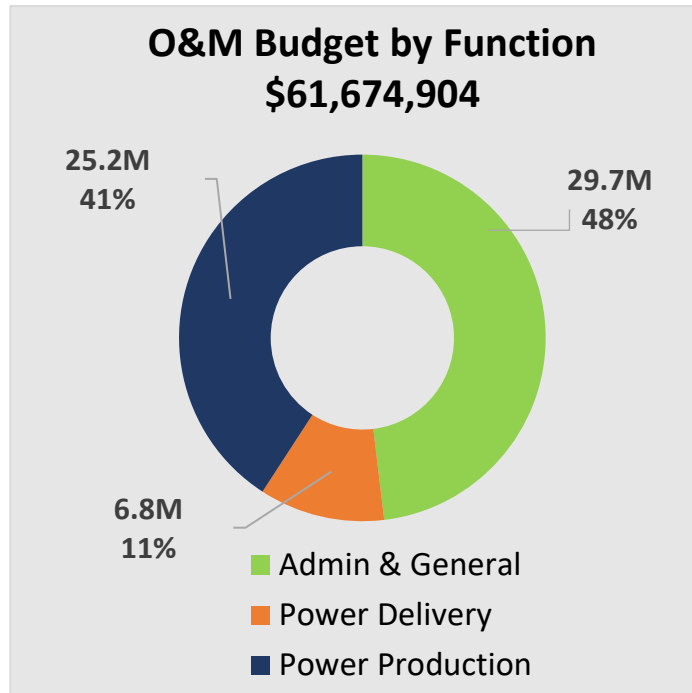■ CCO -$.7M
■ CFO -$1.7M
■ COO -$.4M
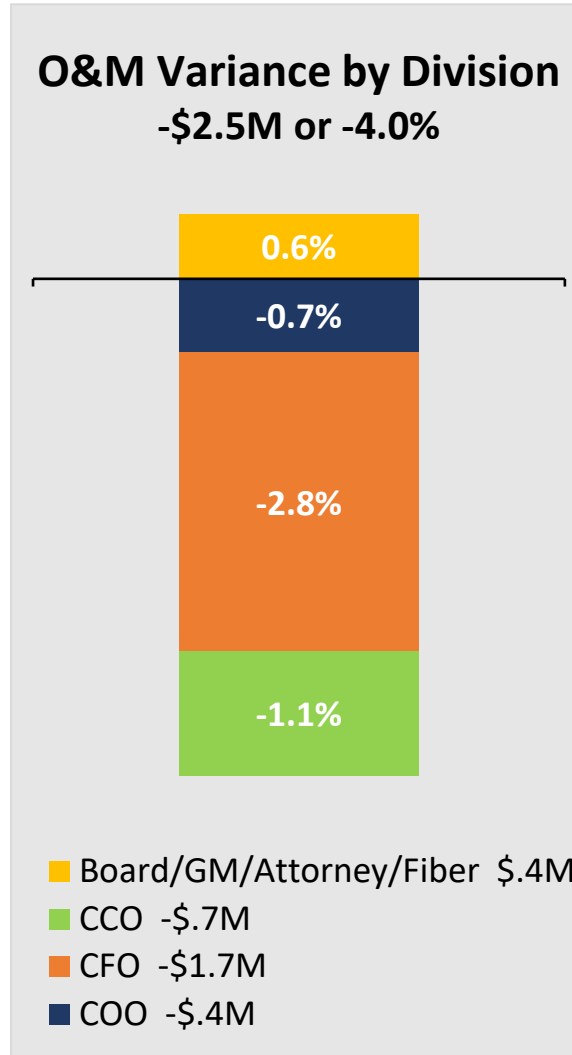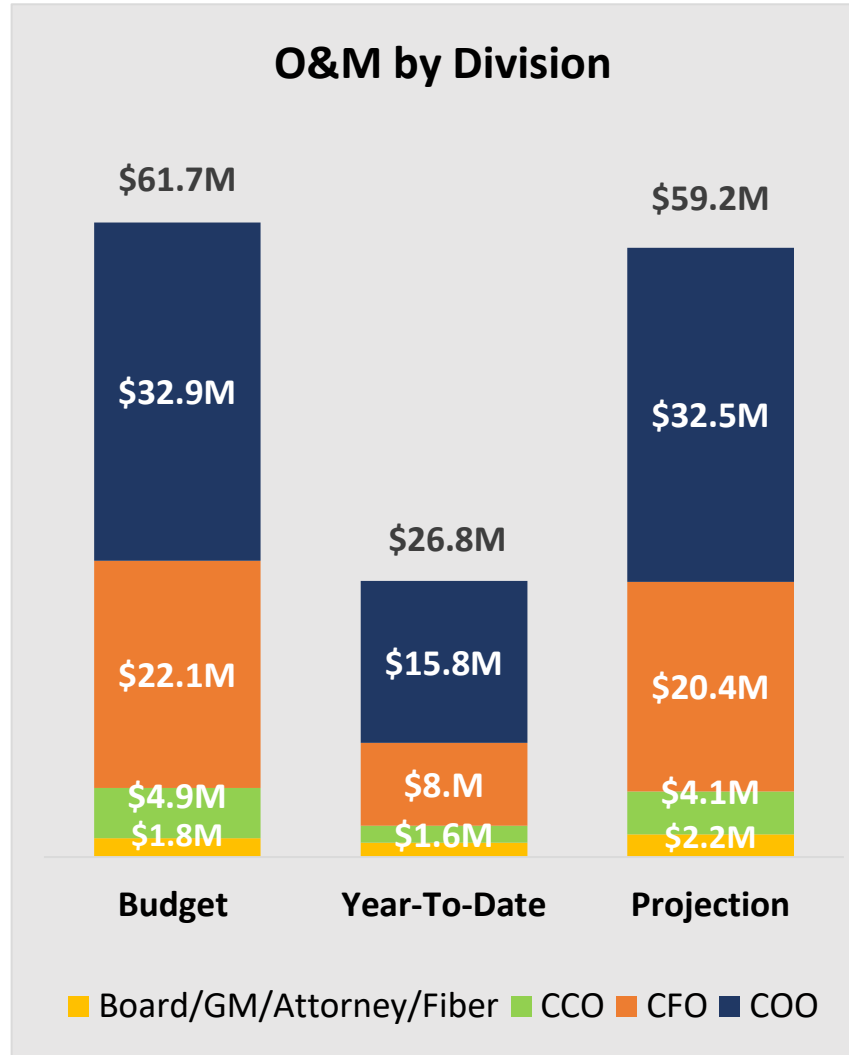
- Q2 2019 O&M spending was at 39% of its annual budget target and finished the year at 94%.

- Q2 2020 O&M spending was at 39% of its annual budget target and finished the year at 85%.

- Q2 2021 O&M spending is at 44% of its annual budget target and projected to finish the year at 96%.

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O&M by Function – Through June

O&M Budget thru June
$29.8M

- 13.0M 44% — Power Production
- 13.6M 45% — Admin & General
- 3.2M 11% — Power Delivery

■ Admin & General
■ Power Delivery
■ Power Production

O&M Actual thru June
$26.8M

- 10.4M 39% — Power Production
- 12.5M 46% — Admin & General
- 4.0M 15% — Power Delivery

■ Admin & General
■ Power Delivery
■ Power Production

O&M Variance thru June
-$3M or -10.0%

- 2.6%
- -3.7%
- -8.8%

■ Power Production -$2.6M
■ Power Delivery $.8M
■ Admin & General -$1.1M

- O&M spending is $3M favorable to budget through the first half of 2021. This narrows to $2.5M by year end.

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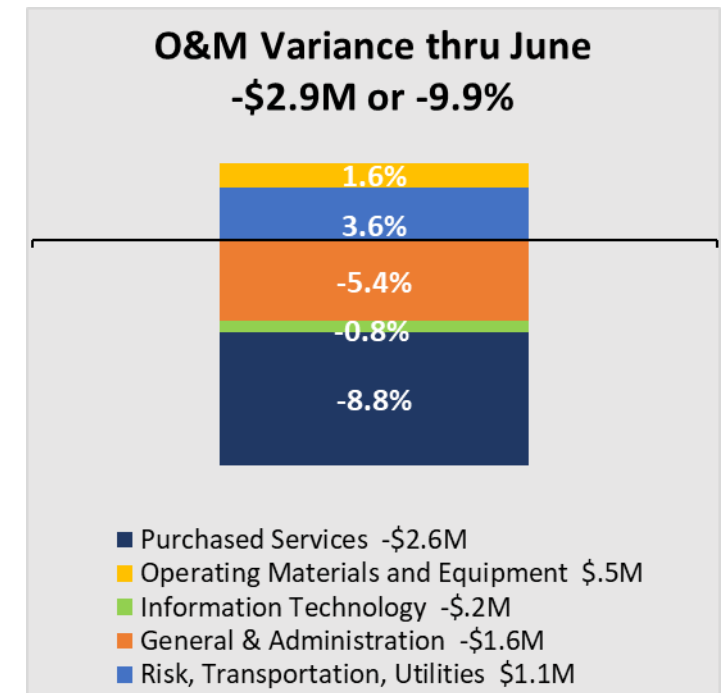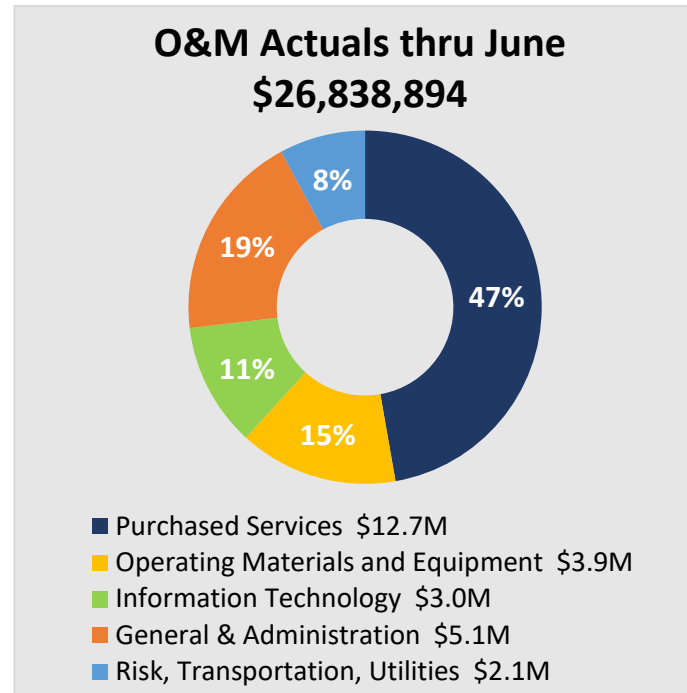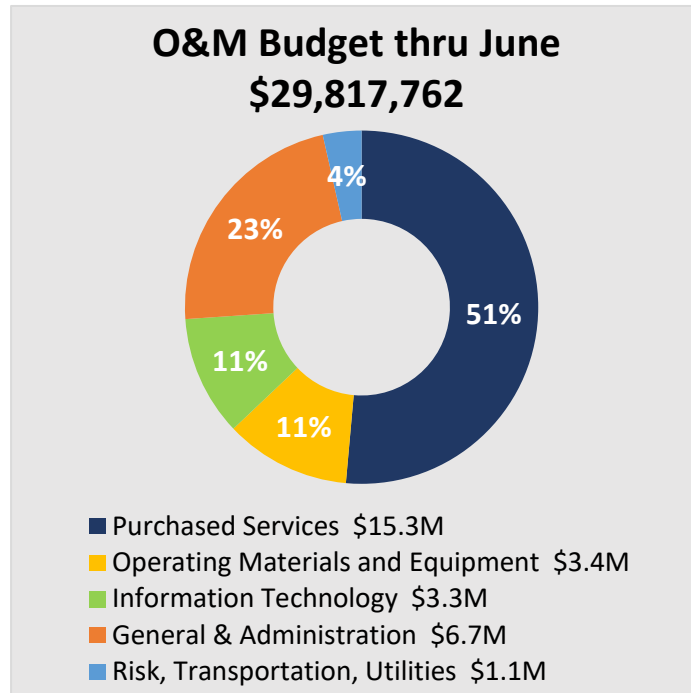
O&M by Function - Projection and Variance

O&M Budget by Function
$61,674,904

- 25.2M 41%
- 29.7M 48%
- 6.8M 11%

Legend:
- Admin & General
- Power Delivery
- Power Production

O&M Projection by Function
$59,216,558

- 22.8M 39%
- 28.7M 48%
- 7.7M 13%

Legend:
- Admin & General
- Power Delivery
- Power Production

O&M Variance by Function
-$2.5M or -4.0%

- 1.4%
- -1.6%
- -3.8%

Legend:
- Power Production -$2.3M
- Power Delivery $.9M
- Admin & General -$1.0M

Year end O&M variance is projected to be $2.5M favorable to budget.

- Year end is consistent with the first half of 2021
  - Power Delivery projected to finish unfavorable to budget (+$0.9M)
    - Contract Labor Services +$116k, Electrical +$170k, Operations Services +$215k, Software +$334k, Tools +$127k
  - Power Production (-$2.3M) and A&G (-$1.0M) favorable to budget.
    - PP: Contract Labor Services +$310k, Eng. Services +$248k, Environmental Services -$1,365k, Legal -$320k, Maint & Repair -$298k, Regulatory -$398k, Training -$137k
    - A&G: Architect Services -$453k, Contract Labor -$348k, IT Hardware +$447k, Software -$792k

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O&M by Cost Type – Through June

O&M Budget thru June
$29,817,762

- Purchased Services $15.3M
- Operating Materials and Equipment $3.4M
- Information Technology $3.3M
- General & Administration $6.7M
- Risk, Transportation, Utilities $1.1M

(51%, 4%, 23%, 11%, 11%)

O&M Actuals thru June
$26,838,894

- Purchased Services $12.7M
- Operating Materials and Equipment $3.9M
- Information Technology $3.0M
- General & Administration $5.1M
- Risk, Transportation, Utilities $2.1M

(47%, 8%, 19%, 11%, 15%)

O&M Variance thru June
-$2.9M or -9.9%

- Purchased Services -$2.6M
- Operating Materials and Equipment $.5M
- Information Technology -$.2M
- General & Administration -$1.6M
- Risk, Transportation, Utilities $1.1M

(1.6%, 3.6%, -5.4%, -0.8%, -8.8%)

- G&A: Misc. Operating -$753k, Regulatory Exp. -$246k

- Operating Materials & Equip: Electrical +$427k, Misc. Materials & Equip. -$310k, PPE & Safety +$189k, Tools +$204k

- Purchased Services: Management Consulting Services -$558k, Env. Services -$1,320k, Eng. Services +$391k, Misc. Purchased Services +$194k, Security Services -$307k, Training Services -$441k, Maint. & Repair -$337k, Architectural Services -$275k
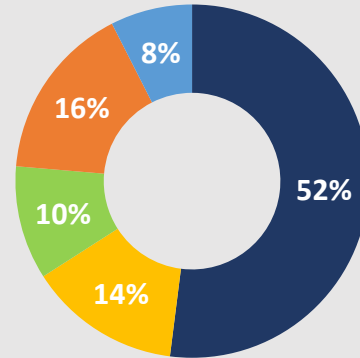
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O&M by Cost Type – Projection and Variance
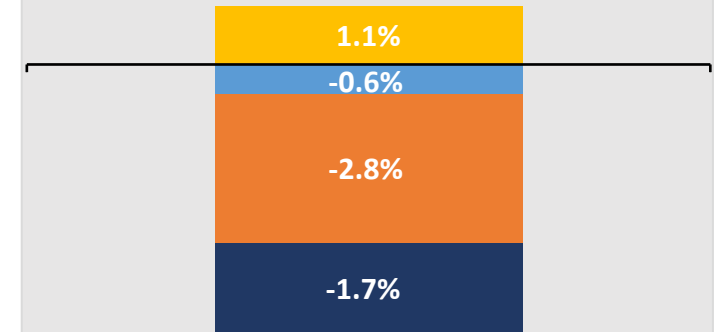
O&M Budget by Cost Type
$61,674,904
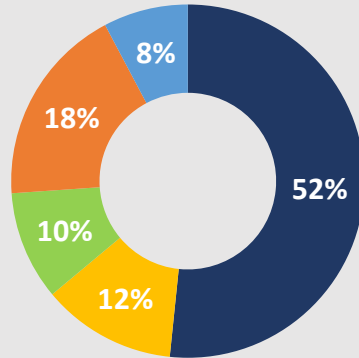
- Purchased Services $31.8M
- Operating Materials and Equipment $7.6M
- Information Technology $6.2M
- General & Administration $11.3M
- Risk, Transportation, Utilities $4.8M

O&M Projection by Cost Type
$59,216,558

- Purchased Services $30.8M
- Operating Materials and Equipment $8.3M
- Information Technology $6.2M
- General & Administration $9.6M
- Risk, Transportation, Utilities $4.4M

O&M Variance by Cost Type
-$2.5M or -4.0%
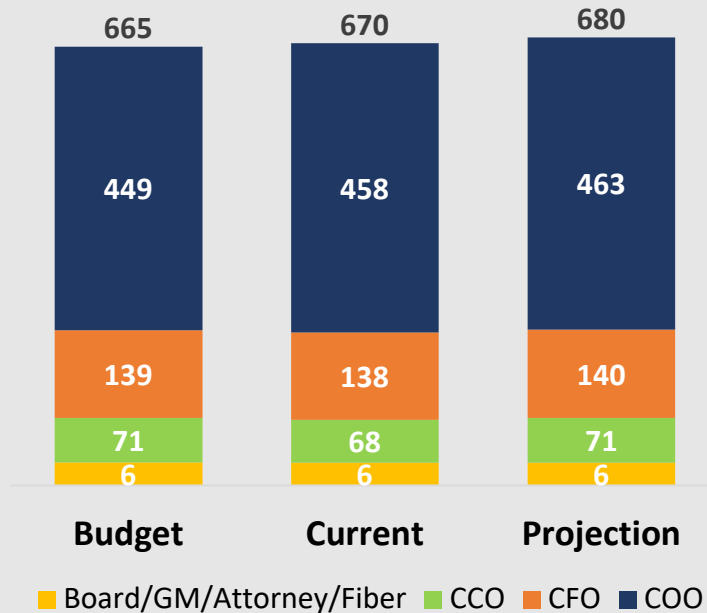

- Purchased Services -$1.1M
- Operating Materials and Equipment $.7M
- Information Technology $.0M
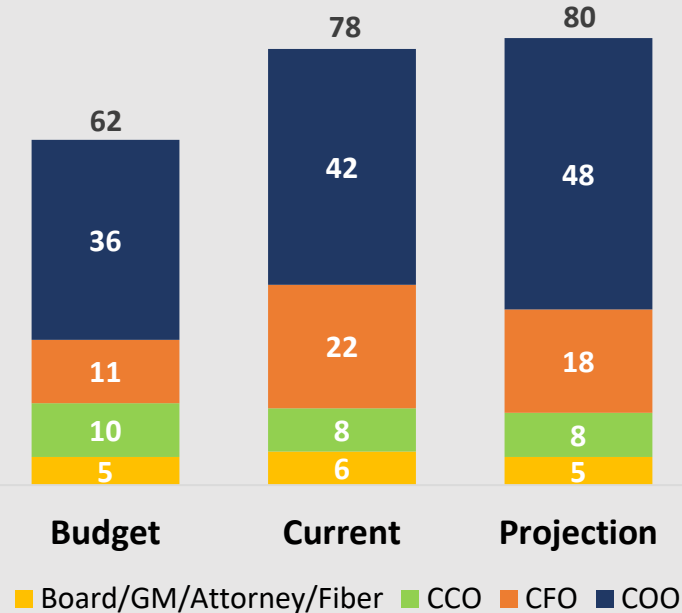- General & Administration -$1.7M
- Risk, Transportation, Utilities -$.3M

- A&G: Misc. Operating -$662k, Regulatory Exp. -$408k

- Operating Materials & Equip: Electrical +$517k, Misc. Materials & Equip. -$302k, PPE & Safety +$174k, Tools +$213k

- Purchased Services: Architectural -$453k, Contracted Labor +$370k, Eng. Services +$416k, Env. Services -$1,339k, Misc. Purchased Services +$507k, Security Services -$344k, Training Services -$442k

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Headcount

FTR Headcount by Division

	Budget	Current	Projection
Total	665	670	680
COO	449	458	463
CFO	139	138	140
CCO	71	68	71
Board/GM/Attorney/Fiber	6	6	6

FTE Headcount by Division

	Budget	Current	Projection
Total	62	78	80
COO	36	42	48
CFO	11	22	18
CCO	10	8	8
Board/GM/Attorney/Fiber	5	6	5

Legend: Board/GM/Attorney/Fiber, CCO, CFO, COO

Enterprise
- YTD
  - FTR = +5, FTE = +16
- YEP
  - FTR = +15, FTE = +18

CCO
- YTD
  - FTR = -3, FTE = -2
- YEP
  - FTR = 0, FTE = -2

CFO
- YTD
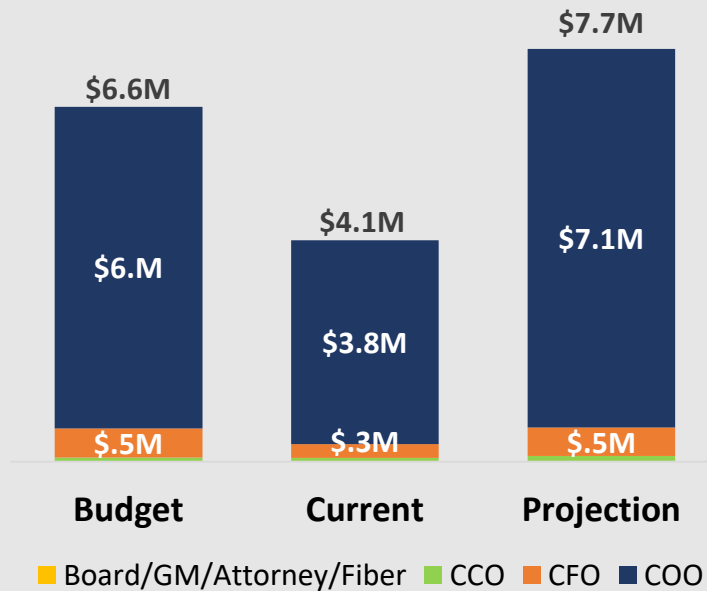 - FTR = -1, FTE = +11
- YEP
  - FTR = +1, FTE = +7

COO
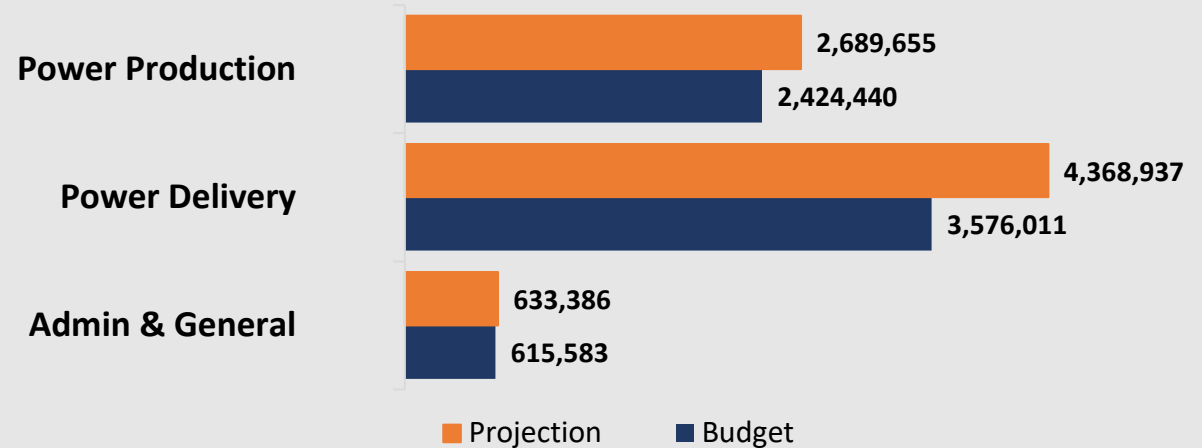- YTD
  - FTR = +9, FTE = +6
- YEP
  - FTR = +14, FTE = +12

- Year end 2020 FTR count was 659, so 11 FTR have been added over 1st half of 2021.

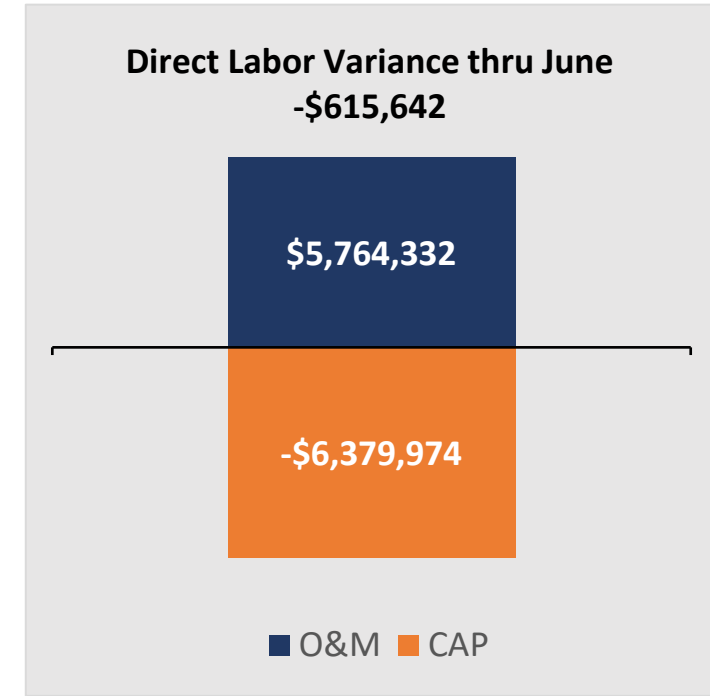- There were 11 posted positions to be filled at end of Q2.

Grant County **PUBLIC UTILITY DISTRICT**

Overtime

Overtime by Division

	Budget	Current	Projection
COO	$6.M	$3.8M	$7.1M
CFO	$.5M	$.3M	$.5M
Total	$6.6M	$4.1M	$7.7M

Legend: Board/GM/Attorney/Fiber, CCO, CFO, COO

Overtime by Function

	Projection	Budget
Power Production	2,689,655	2,424,440
Power Delivery	4,368,937	3,576,011
Admin & General	633,386	615,583

Legend: Projection (orange), Budget (blue)
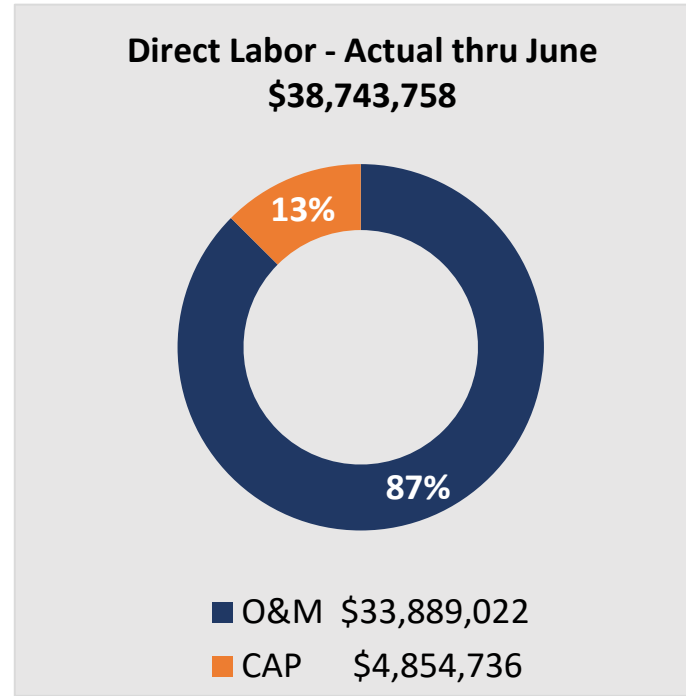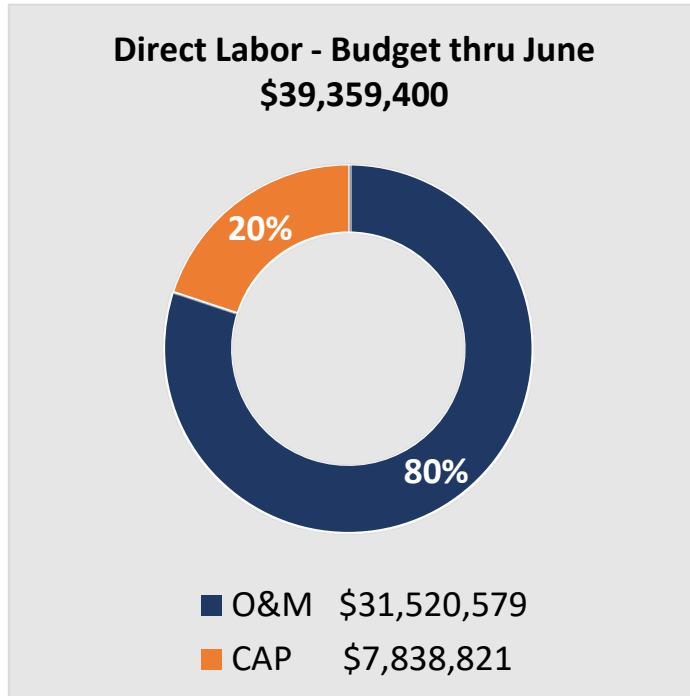
- Line Department is 29.3% of total Overtime through Q2.

- 68.3% of Overtime through Q2 is in top 6 departments: Line Dept., PD Dispatch, Electric Shop, PP WD Operations, PP PRD Operations, PP MC Maint. Construction Mechanics.

- The same top 6 Cost Centers comprise 68.5% of the final YEP Overtime spending.

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Direct Labor – O&M and Capital Through June

Direct Labor - Budget thru June
$39,359,400

20%

80%

■ O&M	$31,520,579
■ CAP	$7,838,821

Direct Labor - Actual thru June
$38,743,758

13%

87%

■ O&M	$33,889,022
■ CAP	$4,854,736

Direct Labor Variance thru June
-$615,642

$5,764,332

-$6,379,974

■ O&M ■ CAP

- Overtime through Q2 2021 was $932k unfavorable to budget.
  - Through Q1 2021, Overtime was $500k unfavorable to budget.

- Shift of Labor % split from the budget projection of 20% to 13%, based on actuals through Q2, results in $2.9M shift in direct labor expense.
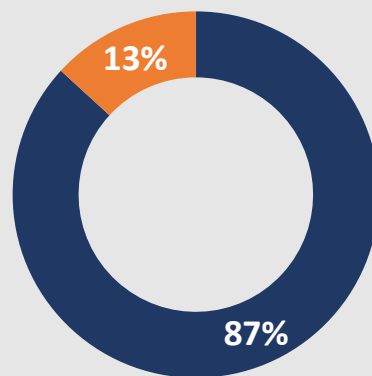
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Direct Labor – O&M and Capital

Direct Labor - 2021 Budget
$80,404,925

20%

80%
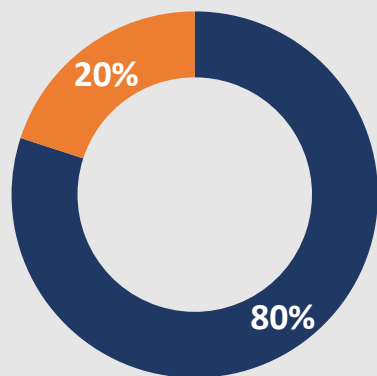
- ■ O&M $64,323,925
- ■ CAP $16,081,000

Direct Labor - 2021 Projection
$80,655,164

13%

87%

- ■ O&M $70,024,226
- ■ CAP $10,630,938

Projected Direct Labor Variance
$250,239

$5,700,301

-$5,450,062
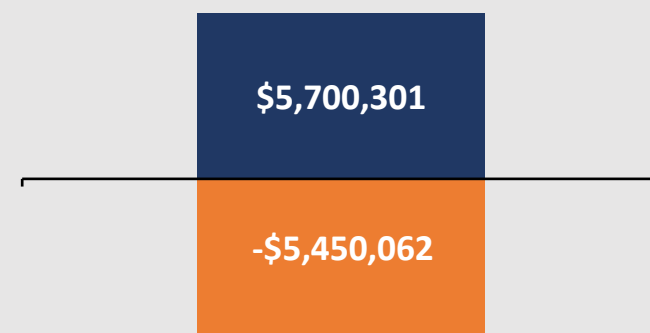
- ■ O&M ■ CAP
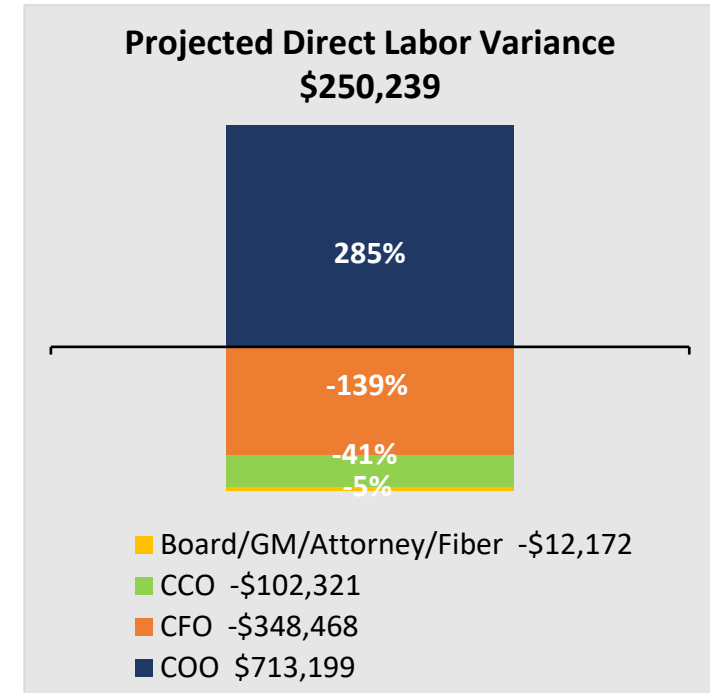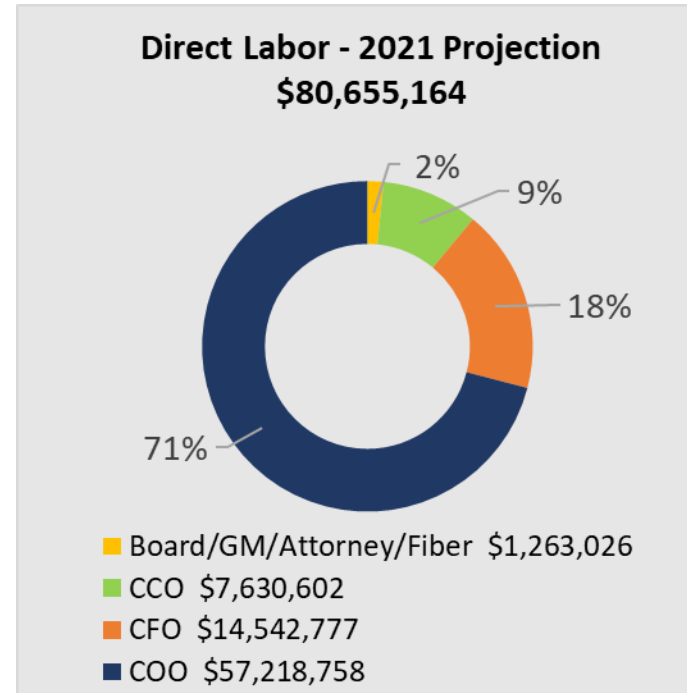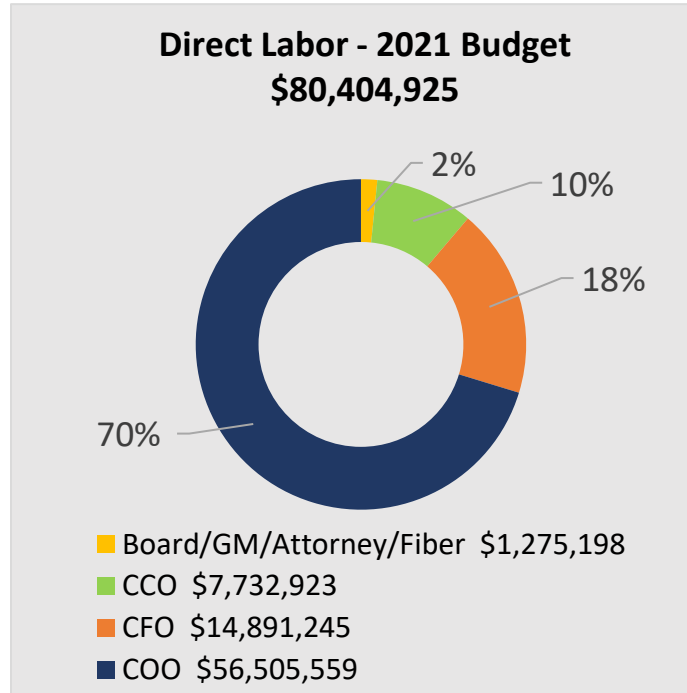
- FTR headcount expected to be 15 over budget.

- Overtime projected to be $1.1M unfavorable to budget.
  - Increased from Q1 2021 year end projection of $800k unfavorable to budget.

- Shift of Labor % split from the budget projection of 20% to 13%, based on actuals through Q2 and year end projections, results in a $5.5M shift in labor expense.

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Direct Labor By Division Through June

Direct Labor - Budget thru June
$39,359,400

- 2%
- 9%
- 18%
- 71%

■ Board/GM/Attorney/Fiber $610,600
■ CCO $3,693,163
■ CFO $7,259,623
■ COO $27,796,014

Direct Labor - Actual thru June
$38,743,758

- 2%
- 9%
- 18%
- 71%

■ Board/GM/Attorney/Fiber $601,652
■ CCO $3,533,148
■ CFO $6,956,988
■ COO $27,651,969

Labor Variance Through June
-$615,642

- -0.4%
- -0.8%
- -0.4%
- 0.0%

■ Board/GM/Attorney/Fiber -$8,948
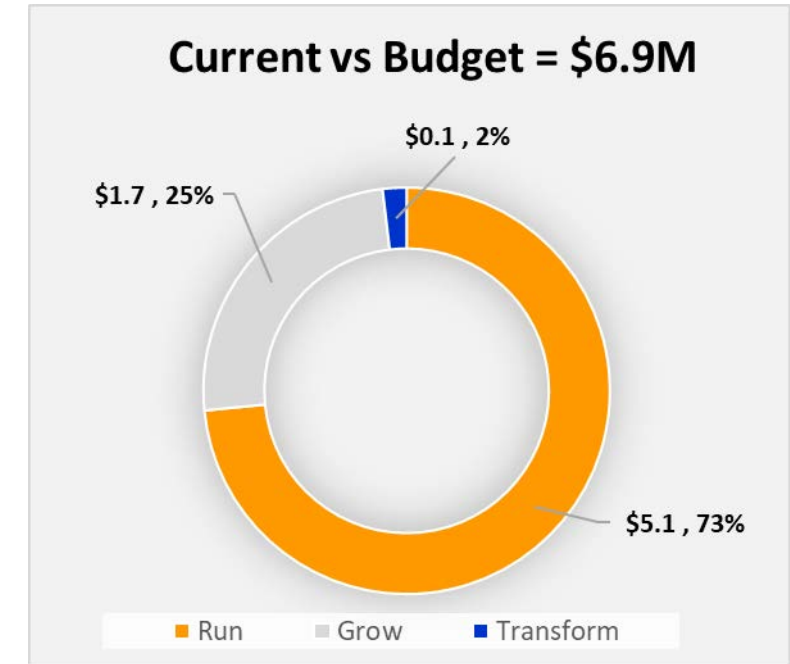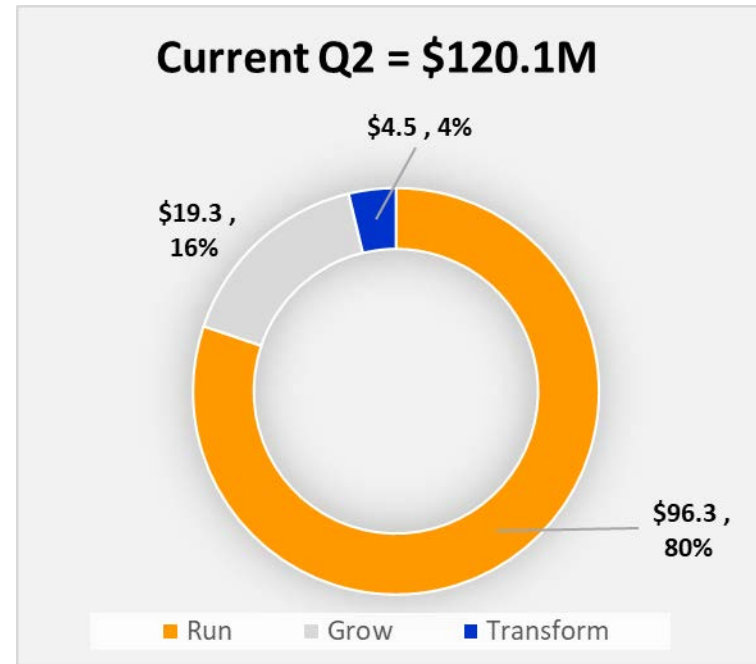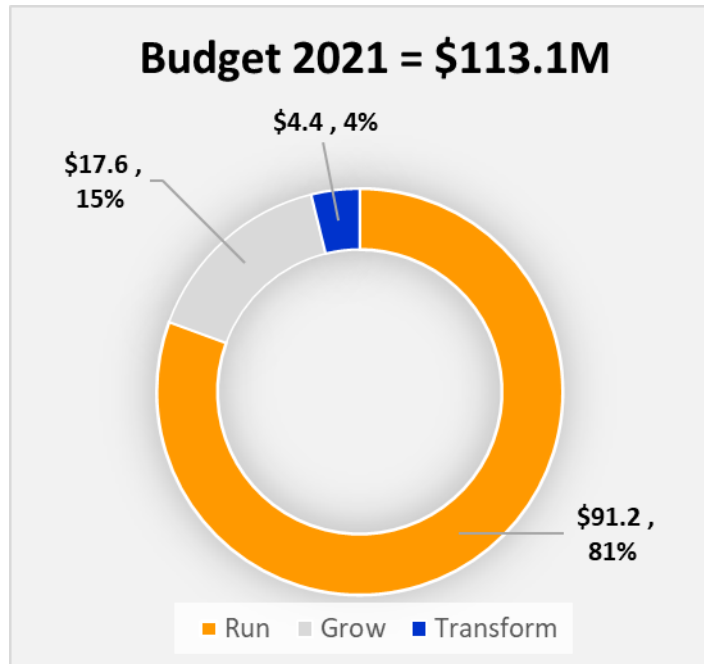■ CCO -$160,015
■ CFO -$302,635
■ COO -$144,045
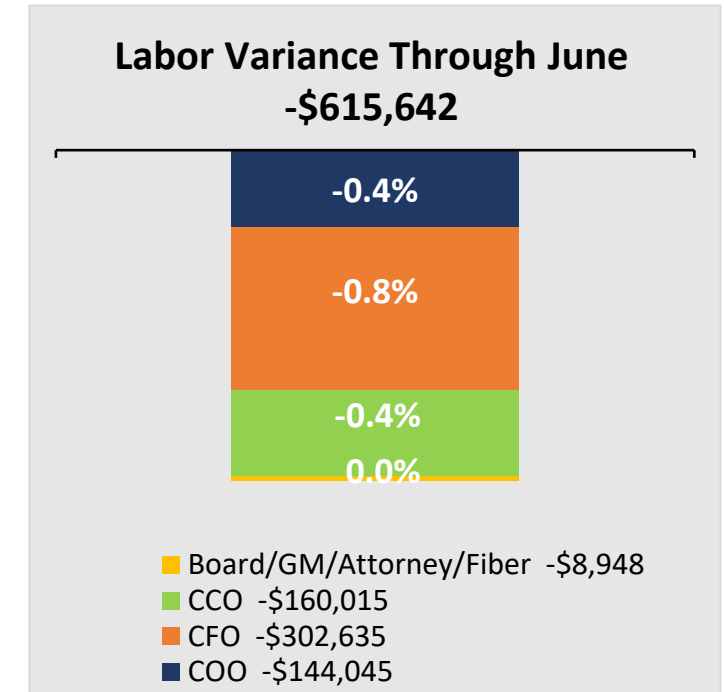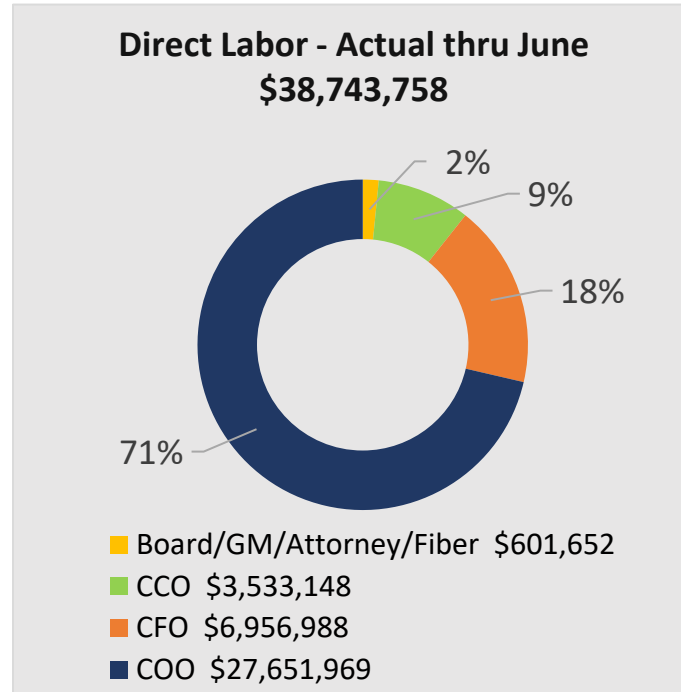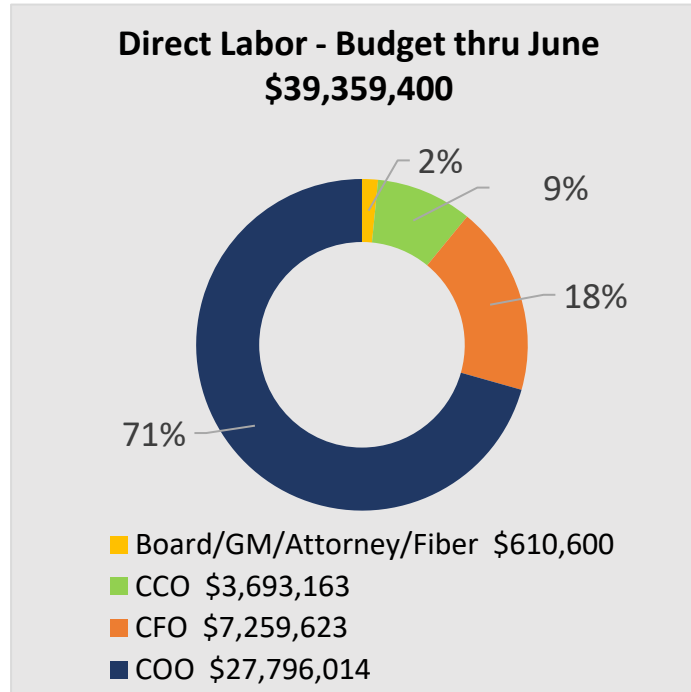
- CCO: Customer Service -$145k

- CFO: Internal Services - $227k, IT -$213k

- COO: PP WD Operations -$186k, PP MC Maint Planning +$91k, PD Constr. Maint. +$194k, PD Electronics -$132k, PD C&M Engineering -$170k, PD Dispatch +$172k, Project Mgmt Office - $99k, AMO PMO Power Prod Projects - $92k

Direct Labor By Division

Direct Labor - 2021 Budget
$80,404,925

- 2%
- 10%
- 18%
- 70%

Legend:
- Board/GM/Attorney/Fiber $1,275,198
- CCO $7,732,923
- CFO $14,891,245
- COO $56,505,559

Direct Labor - 2021 Projection
$80,655,164

- 2%
- 9%
- 18%
- 71%

Legend:
- Board/GM/Attorney/Fiber $1,263,026
- CCO $7,630,602
- CFO $14,542,777
- COO $57,218,758

Projected Direct Labor Variance
$250,239

- 285%
- -139%
- -41%
- -5%

Legend:
- Board/GM/Attorney/Fiber -$12,172
- CCO -$102,321
- CFO -$348,468
- COO $713,199

- CCO: Customer Service -$310k, Large Power Solutions +$90k, Rates & Pricing - $111k

- CFO: Internal Services - $327k, IT -$236k

- COO: PP PRD Operations +$111k, PP WD Operations -$326k, PP MC Maint. Constr. Mechanics +$168k, PP MC Maint Planning +$137k, PD Constr. Maint. +$408k, PD Electronics -$340k, PD Dispatch +$394k, Project Mgmt Office - $91k, AMO PMO Power Prod Projects -$173k, IT Projects -$151k

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Capital – Year-End Directs Projection Overview

Budget 2021 = $113.1M

- $4.4, 4%
- $17.6, 15%
- $91.2, 81%
- Run ■ Grow ■ Transform

Current Q2 = $120.1M

- $4.5, 4%
- $19.3, 16%
- $96.3, 80%
- Run ■ Grow ■ Transform

Current vs Budget = $6.9M

- $0.1, 2%
- $1.7, 25%
- $5.1, 73%
- Run ■ Grow ■ Transform

Current direct Capital Portfolio projections based on Q2 2021 results are expected to outperform 2021 Budget expectations by $6.9M.
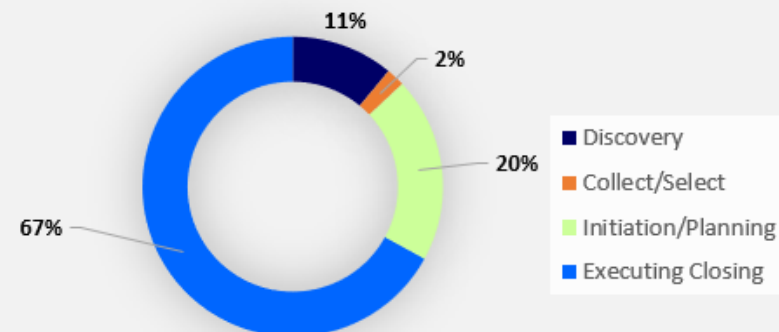
- This is largely driven by increases in Run and Grow work (+$5.1M and +$1.7M) with slight increase of +$0.1M in the Transform category.

- Current total expected Capital Project cost – including loaded labor ($10.6M) – for 2021 is $130.7M
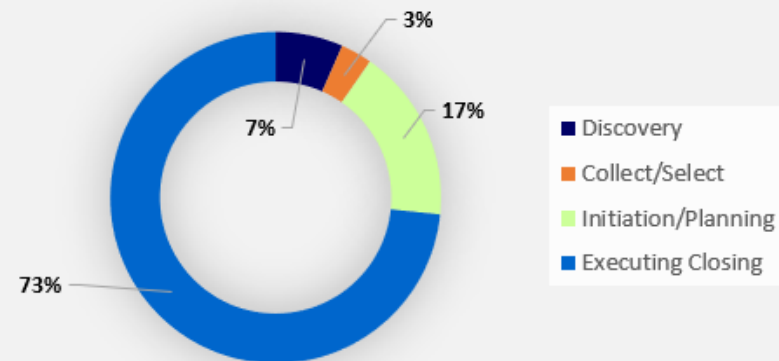
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Capital – Project Phase & Performance

Project Porfolio Group ($M)	2021 Project Budget	2021 Capital Portfolio Budget	PCF Discount
IS/Facilities	$ 33.6	$ 15.8	53%
Power Delivery	$ 59.1	$ 37.1	37%
Power Productio	$ 66.5	$ 42.4	36%
Technolgoy	$ 11.8	$ 3.1	74%
Fiber/Other	$ 21.9	$ 14.8	32%
Total	$ 192.8	$ 113.1	41%

Project Porfolio Group ($M)	Q2 2021 Project Budget*	Q2 2021 Capital YEP	PCF Discount
IS/Facilities	$ 26.3	$ 7.1	73%
Power Delivery	$ 76.0	$ 43.2	43%
Power Productio	$ 65.6	$ 38.1	42%
Technolgoy	$ 6.1	$ 5.2	15%
Fiber/Other	$ 25.7	$ 26.5	-3%
Total	$ 199.6	$ 120.1	40%

2021 Budget - Spend by Phase (%)

- Discovery: 11%
- Collect/Select: 2%
- Initiation/Planning: 20%
- Executing Closing: 67%

Q2 2021 - Spend by Phase (%)

- Discovery: 7%
- Collect/Select: 3%
- Initiation/Planning: 17%
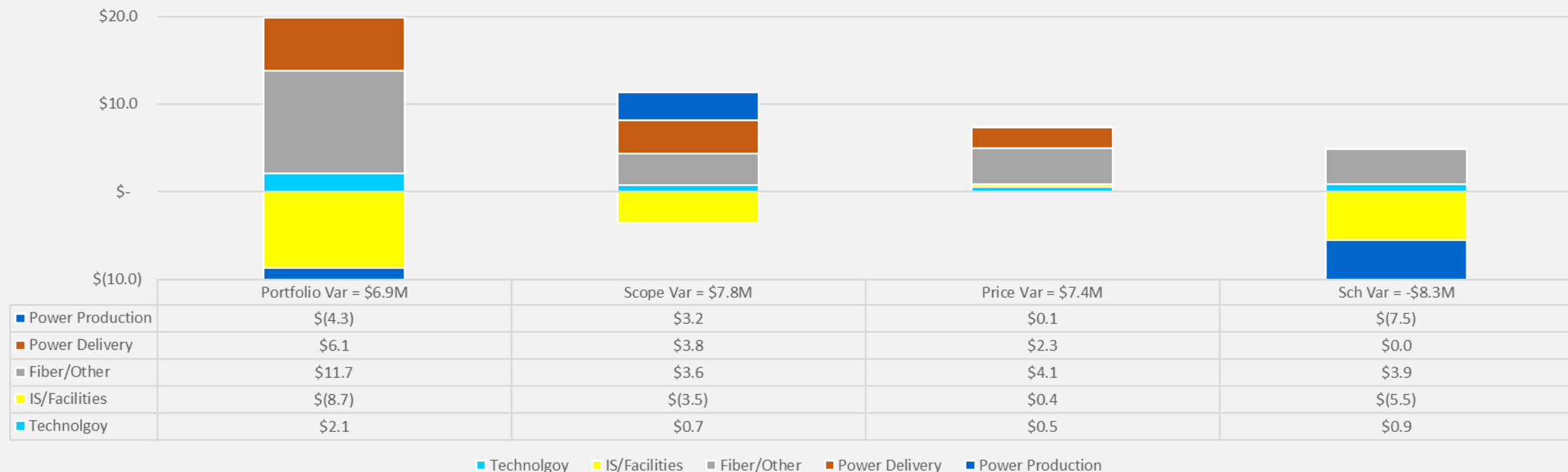- Executing Closing: 73%

Since the 2021 Budget was adopted, information accuracy has increased.

- The PCF discount has decreased by 1%.
- 2021 Budget PCF adj = 41%
- 2020 Q1 PCF adj = 22% vs current 40%

Grant County
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Capital – Portfolio Variances

2021 Q2 Capital Project Variance Explanation ($M)

	Portfolio Var = $6.9M	Scope Var = $7.8M	Price Var = $7.4M	Sch Var = -$8.3M
■ Power Production	$(4.3)	$3.2	$0.1	$(7.5)
■ Power Delivery	$6.1	$3.8	$2.3	$0.0
■ Fiber/Other	$11.7	$3.6	$4.1	$3.9
■ IS/Facilities	$(8.7)	$(3.5)	$0.4	$(5.5)
■ Technolgoy	$2.1	$0.7	$0.5	$0.9

■ Technolgoy ■ IS/Facilities ■ Fiber/Other ■ Power Delivery ■ Power Production

Current 2021 expectations are varied across sub-portfolios.

- Operations sees the largest variance, though largely offsetting
  - Power Delivery is impacted by Scope changes (+$3.8M) with some pricing related impacts (+$2.3M)
  - Current Power Production impacted by Schedule slip (-$7.5M), PR Embank Improvements being a large contributor and various Scope changes (+$3.2M)
- Fiber related work, both the Expansion project and Connectivity work, should outperform the budget (+$11.7M).
- Facilities is impacted by Schedule slip (-$5.5M) with some Scope and minor pricing impacts (-$3.1M)
- Technology is relatively flat compared to budget with minor Scope, Price and Schedule impacts (+2.1M)

Grant County
PUBLIC UTILITY
DISTRICT

Loaded Year End Projection

	Year End Projection Components						
	O&M	Capital	Labor	Benefits *	Capitalized G&A	Inventory	Loaded YEP
O&M Elec	$ 21,168,390	$ -	$ 32,120,781	$ 13,147,230	$ (2,173,864)	$ (1,200,000)	$ 63,062,538
O&M PRP	$ 38,048,168	$ -	$ 37,903,444	$ 15,514,109	$ (2,320,810)	$ -	$ 89,144,912
O&M	$ 59,216,558	$ -	$ 70,024,226	$ 28,661,340	$ (4,494,674)	$ (1,200,000)	$ 152,207,450
Cap Elec	$ -	$ 78,756,447	$ 5,141,688	$ 2,104,524	$ 2,173,864	$ -	$ 88,176,523
Cap PRP	$ -	$ 41,322,756	$ 5,489,250	$ 2,246,783	$ 2,320,810	$ -	$ 51,379,599
Capital	$ -	$ 120,079,203	$ 10,630,938	$ 4,351,307	$ 4,494,674	$ -	$ 139,556,122
Total Expenditures	$ 59,216,558	$ 120,079,203	$ 80,655,164	$ 33,012,647	$ -	$ (1,200,000)	$ 291,763,572
2021 Budget	$ 61,674,904	$ 113,148,053	$ 80,404,925	$ 32,916,796	$ 6,965,659	$ (1,523,847)	
Variance	$ (2,458,346)	$ 6,931,150	$ 250,239	$ 95,852	$ (2,470,986)	$ 323,847	

* Leave (PL, etc.) expenses are contained in Labor expense. Benefit expense includes items such as Medical, Dental, Pension, Life Insurance, and VEBA.

	Loaded Budget	Loaded YEP	Loaded Variance	Under Budget / Over Budget
O&M	$ 143,288,254	$ 152,207,450	$ 8,919,196	Over Budget
Capital	$ 143,332,576	$ 139,556,122	$ (3,776,454)	Under Budget
Total Expenditures	$ 286,620,830	$ 291,763,572	$ 5,142,742	Over Budget

- 2021 Budget labor split 80% O&M / 20% Capital

- Year-End labor split projection 87% O&M / 13% Capital

- Labor split change resulted in $10.1M Labor & Benefits applied to O&M instead of Capital

Grant County PUBLIC UTILITY DISTRICT

Questions?

COMMISSION BUDGET REVIEW

2022 PRELIMINARY BUDGET

2022 BUDGET TIMELINE

AUGUST	8/10/21	Commission reviews preliminary budget presentation and preliminary budget filing
	8/24/21	RCW budget filing resolution approval
SEPTEMBER	9/28/21	Advertising of public hearings, 2 weeks prior to first hearing
	9/28/21	Commission review of public materials for hearing
OCTOBER	10/6/21	Public hearing materials available to the public (1 week prior to first hearing)
	10/12/21	Commission opens RCW budget process. Public budget hearings to be held during the month of October 2021.
	10/26/20	Commission review final budget and forecast
NOVEMBER	11/9/20	Anticipated Commission adoption of budget and forecast

2022 BUDGET PROCESS

Similar to the 2021 Process

- "Goals & Outcomes" structure includes 6 components broken out across 3 rounds.

- For the Enterprise, the process begins in late May runs through September.
  - o For the FP&A, it runs April through December.

	Round #1	Round #2	Round #3
	May 28 - July 29	July 30 - Sept. 1	Sept. 2 - Dec 17
Goal/Outcome #1	Gathering Data	Significant Updates	Adopt Budget
Goal/Outcome #2	Initial Analysis	Refine Analysis	Load Budget
O&M / Labor			
G/O #1	5/28 - 6/29 …~4 wks	7/30 - 8/17 … ~3 wks	
G/O #2	6/30 - 7/29 … ~4 wks	8/18 - 9/1 … ~2 wks	
Loads, Revenue & Operations			
G/O #1	5/28 - 6/29 … ~4 wks	7/30 - 8/17 … ~3 wks	
G/O #2	6/30 - 7/29 … ~4 wks	8/18 - 9/1 … ~2 wks	
Capital			
G/O #1	5/28 - 8/17… ~13 wks		
FP&A / Budget			
G/O #1			9/2 - 11/09 … ~ 6 wks
G/O #2			11/09 - 12/17 … ~5 wks

Current Status

- Round #1 is 90% compete. Remaining work focuses evaluation of Business Cases.
  - o The introduction of Business Cases is a new strategic element for the business planning process
  - o The Business Case will be a key planning tool going forward
- Round #2 will be completed September 3. FP&A will finalize the draft budget for Commission review (9/28) in early September.
- Round #3 is focused on public outreach, budget adoption, and setting it up in the accounting system.

2022 BUDGET COMMISSION REVIEW

The Commission Review materials will focus on:

Budget Initiatives & Process

Strategic Initiatives

Summary of Results

Financial Scenarios

- **Budget Initiatives & Process** – The *What's* and *How's* of the business planning process

- **Strategic Initiatives** – What new or refined work in 2022 will drive significant benefits for customers and the District

- **Summary of Results** – The proposed 2022 Budget (the most significant part of the materials)

- **Financial Scenarios** – The financial impact of major strategic risks

ANTICIPATED CHANGES BETWEEN PRELIMINARY AND FINAL BUDGETS

- Preliminary Budget is the 2022 figures from the 2021 Q1 Forecast

- Future Rate Increases

  o Assumed to be de-minimis at 0.1% annually (effectively = 0)

- Final management review in late August

- Major Updates

  o O&M and Labor update

  o Retail (Revenue and Loads) forecast update

  o Capital Plan update

  o Wholesale Market Price curve update

PRELIM. BUDGET SUMMARY – TOTAL EXPENDITURES (EXHIBIT A)

Exhibit A - Summary of Budget Items		Actuals 2020	Forecast 2021	Forecast 2022	Probable Change	Impacted By
TOTAL O&M		134,868	154,555	147,510	→	Budget Target is flat
TAXES		17,736	18,010	18,240	↑	Higher Retail Sales
ELECTRIC CAPITAL		70,739	77,360	70,266	↑	QTEP and DB2 Increased Project Activity
PRP CAPITAL		48,805	63,976	69,459	→	
DEBT SERVICE (net of rebates)		72,947	74,458	76,171	→	
TOTAL EXPENDITURES		345,095	388,360	381,646		
Expenditure offsets for deduction						
Contributions in Aid of Construction		(14,336)	(4,282)	(9,540)	→	Round 2 Update for New Cust.
Sales to Power Purchasers at Cost		(27,941)	(21,447)	(14,005)	↑	Large Negative True-Up
Net Power (+ Expense, - Revenue)		(83,296)	(84,249)	(79,506)	→	Wholesale Price Increase vs Negative True-Up
Conservation Loans		13	(125)	(125)	→	
TOTAL EXPENDITURE OFFSETS		(125,560)	(110,103)	(103,177)		
TOTAL BUDGETED EXPENDITURES		219,535	278,257	278,469		

PRELIM. BUDGET SUMMARY – OPERATIONAL PERFORMANCE (EXHIBIT B)

Exhibit B		Actuals	Forecast	Forecast	Probable	Impacted
CONSOLIDATED OPERATIONAL PERFORMANCE		**2020**	**2021**	**2022**	**Change**	**By**
Sales to Power Purchasers at Cost		27,941	21,447	14,005	↑	Large Negative True-Up
Retail Energy Sales		209,777	211,639	219,946	↑	Higher Retail Load
Net Power (Net Wholesale+Other Power Revenue)		83,296	84,249	79,506	→	Wholesale Price Increase vs Negative True-Up
Fiber Optic Network Sales		10,672	10,950	11,150	↑	Higher Take Rate
Other Revenues		1,713	1,057	1,453	→	
Operating Expenses		(134,868)	(154,555)	(147,510)	→	Budget Target is flat
Taxes		(17,736)	(18,010)	(18,240)	↑	Increase with Higher Retail Sales
Net Operating Income(Loss) Before Depreciation		**180,795**	**156,777**	**160,311**		
Depreciation and amortization		(78,677)	(75,819)	(75,015)	→	
Net Operating Income (Loss)		**102,118**	**80,958**	**85,296**		
Other Revenues (Expenses)						
Interest, debt and other income		(21,327)	(43,364)	(34,253)	→	
CIAC		14,336	4,282	9,540	→	
Change in Net Position		**95,127**	**41,876**	**60,583**		

*figures shown in thousands ($000)

PRELIM. BUDGET SUMMARY – METRICS (EXHIBIT B)

	Target	Actuals 2020	Forecast 2021	Forecast 2022	Probable Change	Impacted By
NET INCOME		95,127	41,876	60,583	↑	Higher Retail Sales, Flat O&M
LIQUIDITY (measured at year end)						
Elect System Liquidity (Rev + R&C)	$105 MM	111,586	111,613	114,014	→	
Excess Liquidity		63,322	25,861	1,529	→	Using all excess liquidity
Days Cash On Hand	> 250	503	283	308	→	
LEVERAGE						
Consolidated DSC	>1.8x	2.26	2.04	2.22	↑	Up slightly from higher income
Consolidated Debt/Plant Ratio	≤ 60%	53.4%	49.8%	48.4%	→	Flat to slightly up, depending on next JLB
PROFITABILITY						
Consolidated Return on Net Assets	>4%	4.3%	1.8%	2.6%	↑	Up slightly from higher income
Retail Operating Ratio	≤ 100%	112%	118%	116%	↑	Up slightly from higher income

*figures shown in thousands ($000)

- Higher Retail Sales and flat O&M have positive impact
  - Retail Sales are forecast to be higher than previously expected
  - O&M expenses for 2022 Budget are targeted to be flat with prior expectations, which work toward accomplishing the Strategic Plan Key Objectives for a strong financial position and providing long-term low rates

Questions?

Construction and Maintenance Update
July 2021

Powering our way

Mission:

To safely operate and maintain the investment entrusted to us by our customers.

Vision Statement 2020-2025 (5-year dynamic scope):

Our vision is to be an industry expert in the safe and reliable operation of the transmission and distribution grid, including fiber communications. In partnership with other PUD stakeholders, we will strategically develop a safe and cost-effective approach to construction and maintenance that will allow us to work proactively, demonstrating excellence in service. We will strengthen the management of PUD assets to improve both the quality and the reliability of the power grid and fiber network.

Working Safely through the Virus

- Isolation of crews continues in order to ensure reliability (ESC, MLSC, RCSC)

  - ❖ Port of Ephrata – Line crew (8)
  - ❖ ~~1625 E. Wheeler Road – Transmission Line crew (8)~~ back at MLSC
  - ❖ Internal services office – Substation Maintenance Crew (7)
  - ❖ Quincy Local Office – 2 Electronics Techs, 1 Fiber Tech
  - ❖ Moses Lake Local Office – 2 Electronics Techs, 1 Fiber Tech

Power Quality Effort

Power Quality team launched in January of 2021 for Distribution Grid

- C&M, PDE collaborative effort

- 32MVAR PF correction just in southern part of County thus far

- Helping irrigators recognize issues and avoid outages
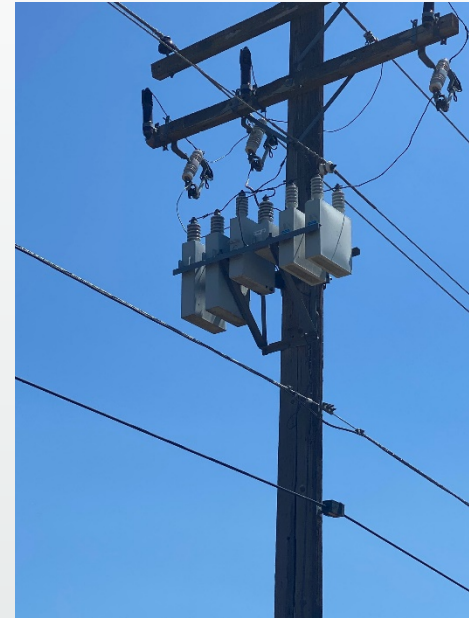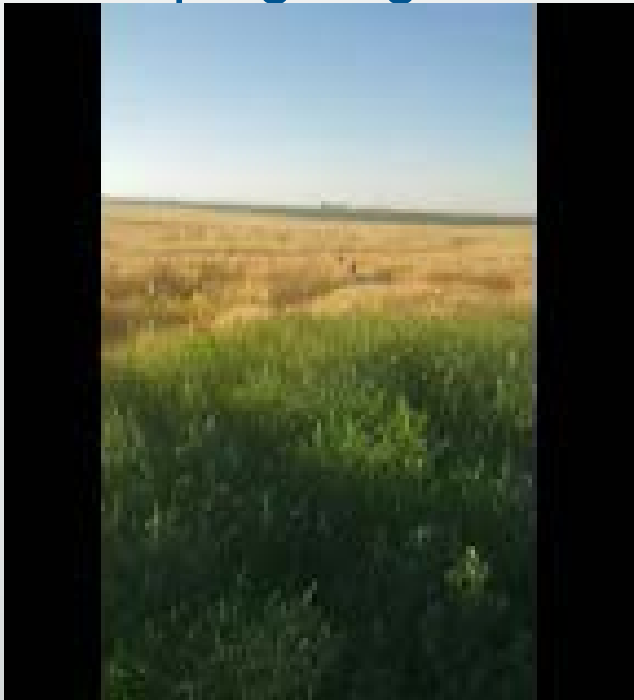
Power Quality

During your C&M visit, Mr. Flint
and others recommended sending
a letter to irrigators about our
Power Quality efforts.

We listened and did just that!

Special thanks for their
collaboration in developing this
letter with Terry McKenzie's team,
John Kemman and others.

Power Quality Effort

Why Wahluke's K-5 feeder?

- Largely irrigation
- Remote/isolated circuit
- Small number of sites with new irrigation load

Internal effort in C&M, and with the help of Adam Schwab in the Meter Relay Department, a "demand threshold" program was added to these meters to see what is happening on our feeder and could inadvertent outages be avoided – directly helping our farmers maintain power for irrigation.

Power Quality

Power Quality Effort

Meters with KV2C Demand Overload Alarm in AMM as of Jul 1st - Jul 15th

	Badge Number	Multi	CCS HP Capacity Charge	AMM Demand	HP used based off AMM Demand	HP Difference	% Difference Between Capacity Charge and Calculated HP	Present Monthly Capacity charge	Monthly Capacity Charge as Found	Monthly Recoverable Revenue	XFMR KVA	% LOADING (BASED ON COLUMN F / COLUMN L)	T-NUM
1	TED80392204	1	20	16.8685	22.60379	-2.60379	13.02%	$ 53.40	$ 60.35	$ 4.06	75	30%	T44958, T4494
2	TED80392118	1	100	85.52478	114.6032052	-14.6032052	14.6%	$ 261.50	$ 297.28	$ 20.87	112.5	102%	T32160
3	KZD86614684	40	208	3.9032	209.21152	-1.21152	.58%	$ 526.10	$ 529.07	$ 1.73	NOT MAPPED	#VALUE!	NOT MAPPED
4	TED80393438	1	40	31.6847	42.457498	-2.457498	6.14%	$ 106.80	$ 113.36	$ 3.83	750	6%	T30849
5	TED80393413	1	30	28.3688	38.014192	-8.014192	26.71%	$ 80.10	$ 101.50	$ 12.48	75	51%	T31392
6	KZD80391030	600	1150	1.5925	1280.37	-130.37	11.34%	$ 2,834.00	$ 3,153.41	$ 186.32	2000	64%	T29070
7	TED80393440	1	25	18.3238	24.553892	0.446108	-1.78%	$ 66.75	$ 65.56	$ -	112.5	22%	T32164
8	KZD80391581	40	80	2.2697	121.65592	-41.65592	52.07%	$ 212.50	$ 314.56	$ 59.53	75	162%	T20407
9	TED80393073	1	109	96.375	129.1425	-20.1425	18.48%	$ 283.55	$ 332.90	$ 28.79	NOT MAPPED	#VALUE!	NOT MAPPED
10	TED80393441	1	40	42.3188	56.707192	-16.707192	41.77%	$ 106.80	$ 151.41	$ 26.02	75	76%	T32852, T3284
11	TED80393431	1	75	62.2788	83.453592	-8.453592	11.27%	$ 200.25	$ 220.96	$ 12.08	75	111%	T41507, T4151
12	TED80392139	1	20	14.7407	19.752538	0.247462	-1.24%	$ 53.40	$ 52.74	$ -	45	44%	T41984, T4197
13	TED80393430	1	40	34.783	46.60922	-6.60922	16.52%	$ 106.80	$ 124.45	$ 10.29	45	104%	T30746, T3073
14	TED80393434	1	60	61.0367	81.789178	-21.789178	36.32%	$ 160.20	$ 216.88	$ 33.07	75	109%	T31540, T2490
15	KZD80391315	80	325	3.3051	354.30672	-29.30672	9.02%	$ 812.75	$ 884.55	$ 41.88	500	71%	T43789
16	KZD80391231	80	245.8	2.3996	257.23712	-11.43712	4.65%	$ 618.71	$ 646.73	$ 16.35	2000	13%	T29070
17	KZD78593622	40	40	0.9182	49.21552	-9.21552	23.04%	$ 106.80	$ 131.41	$ 14.35	45	109%	T19463, T1946
18	KZD76995973	80	475	4.645	497.944	-22.944	4.83%	$ 1,180.25	$ 1,236.46	$ 32.79	500	100%	T43793
19	KZD78958852	60	95	1.2193	98.03172	-3.03172	3.19%	$ 249.25	$ 256.68	$ 4.33	150	65%	T45605, T3299
20	KZD78958841	40	125	2.8927	155.04872	-30.04872	24.04%	$ 322.75	$ 396.37	$ 42.94	150	103%	T19548, T1954
21	KZD78958862	40	225	4.871	261.0856	-36.0856	16.04%	$ 567.75	$ 656.16	$ 51.57	500	52%	T49387
22	KZD78958704	240	425	2.0654	664.23264	-239.23264	56.29%	$ 1,057.75	$ 1,643.87	$ 341.90	1000	66%	T47100
23	KZD78958834	80	400	3.8193	409.42896	-9.42896	2.36%	$ 996.50	$ 1,019.60	$ 13.48	750	55%	T43278

41 Meters programmed for this on Wahluke K-5 feeder as a test bed

Power Quality

Asset Management

Team: Russ Seiler (supervisor), Adam Schwab, Danna Carvo. In partnership with Power Production Team.

Asset Management

Developing one source of truth for Power Delivery

Outage Mitigation – Power lines

Wahluke Feeders K7 and K8

Outage Mitigation – Power lines

Lots of faults on the aging system during our hot weather, taking action…

Cable Faults: Example of two trailer parks – actively replacing cable in whole, working with Engineering.

Preparing to start 10-year improvement plan on distribution…enhanced fusing and circuit isolation.

Preparing for enhanced pole replacement program in conjunction with Asset Management. 200 poles slated for 2022.

Pole fire mitigation to continue as soon as irrigation season is over

Hello Admin(s),

A message has been sent via Contact Us form on grantpud.org. Details are as follows:

Department: General Inquires Public Affairs

Name: Tom Gaines

Email: tom.gaines@gmail.com

Message: I am mostly a full-time RV'er at Oasis RV Park. There have been two ground fault issues that have caused power outages at the park. Both around my RV. Last night 7/25/2021 your crews had to dig a fairly deep hole right next to my RV and to some extent, undermine it. They broke a water line that was not located and created a nice pool next to my RV, None of this is to complain but rather to point out that your crew the entire time, never seemed frustrated, angry, or anything other than professional and courteous. They even helped the park owner with the water repair once the electrical was fixed. They never slowed down and never took a break, they were a really great crew, someone at the PUD just needed to hear that. Your operator deserves a special call-out, the backhoe was literally an inch or two away from the side of my RV for most of the event, He and the spotter stayed focused and not too fast ensuring that they didn't hit my RV. I have worked with many operators and few have been as smooth with the equipment and a crew practiced in situational awareness as they were. Thanks!

Address:

Raising our own bar! Growing our People!

Apprentice Program Development:

Power System Electricians – Casey Raab (Training Coordinator, Electrician). 3-year apprenticeship program

Electronics Techs – Dave Boggs (Training Coordinator, Technician). 6-year program (3-year apprenticeship + 3-year Tech program).

Tour and engagement with Big Bend Community College. Currently working with Daneen Berry-Guerin, Dean of Workforce Education

Advisory Board volunteers for BBCC's "Industrial Systems/Manufacturing Program: Adam Schwab, Casey Rabb, and Ron Alexander

Looking to increase C&M participation with college in community reach out, women in trades and other programs to have a direct pipeline of apprenticeship candidates from the County citizens.
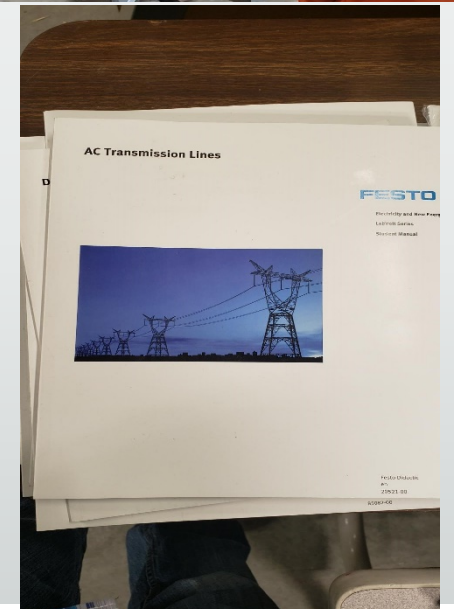
Operating Unit

EC - Power Delivery ▾

Department

EC1 - PD Delivery Const... ▾

Budget vs Actuals (Including Cap Labor)

Cost Category Type/Cost Category	Budgeted	Actuals	Budget Var	Budget Var %	Consumed %
⊟ **Labor**	**$11,517,601**	**$12,141,928**	**$624,326**	**5.4%**	**105.4%**
Salaries & Wages	$6,087,257	$5,663,375	-$423,882	-7.0%	93.0%
Benefits	$3,848,395	$4,262,273	$413,879	10.8%	110.8%
Overtime	$1,483,446	$2,077,327	$593,881	40.0%	140.0%
Other Labor	$98,504	$138,951	$40,448	41.1%	141.1%
⊞ **Operating Materials & Equipment**	**$1,617,490**	**$2,106,569**	**$489,079**	**30.2%**	**130.2%**
⊞ **Purchased Services**	**$899,478**	**$760,366**	**-$139,112**	**-15.5%**	**84.5%**
⊞ **G&A**	**$80,858**	**$30,689**	**-$50,169**	**-62.0%**	**38.0%**
⊞ **IT**	**$45,102**	**$13,640**	**-$31,462**	**-69.8%**	**30.2%**
⊞ **Utilities**	**$2,496**	**$5,121**	**$2,625**	**105.2%**	**205.2%**
⊟ **Risk**		**$10,822**			
Claim Payment (Major)		$10,822			
⊞ **Transportation**		**$17,949**			
Total	**$14,163,025**	**$15,087,084**	**$924,059**	**6.5%**	**106.5%**

Capital Labor & Net Actuals YTD Vs. Year-End-Projections

● Net Actuals ● Capital Labor ● YEP Yearly Total Remaining ● Budget YTD

Gross Actuals Vs. Budget

$15.1M +6.5%

Capital Labor Actuals Vs. Budget

$2.4M -14.9%

Net Actuals Vs. Budget

$12.7M +11.8%

Budget variance is due to:
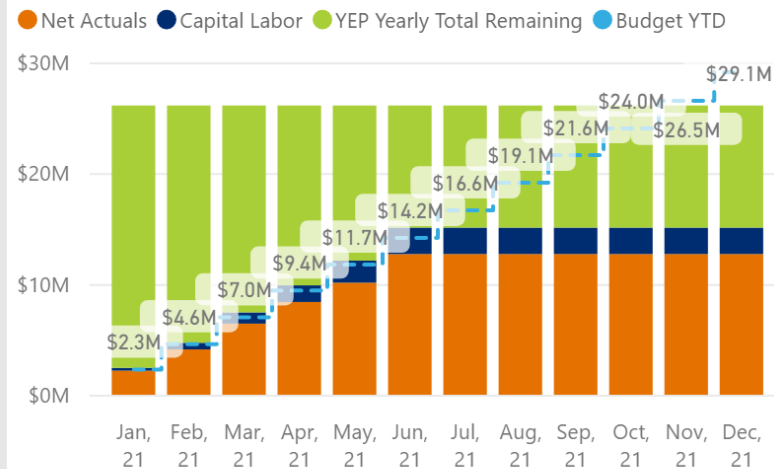- Assisting in storm response with Snohomish PUD and Avista (O&M)
- Support for DB2 construction (capital)
- Pole top fire mitigation efforts (O&M, not capital)
- Operating Materials costs high due to realignment of craft worker tools to meet PUD requirements (capital and O&M)

- Capital Labor is a subset of the Labor above   - Net Actuals vs Budget = Gross Actuals minus Capital Labor

Operational Unit

EC - Power Delivery

Department

EC1 - PD Delivery Const Maint

Hours by System

System	Hours
ELEC	107,149
Wholesale Fiber	11,226
GA	2,414
PRP	1,445

Hours by Program

- Corrective Action Program: 2,236
- NERC Compli...: 1,032
- Safety: 692

Hours and CAP Hours Vs. Budgets

● Hours ● CAP Hours ● Hours Budget ○ CAP Hours Budget

Hours: Jan 16.9K, Mar 18.9K, Apr 18.2K, Jun 19.2K; May 18.1K
CAP Hours: Jan 3.8K, Feb 3.6K, Mar 4.3K, Apr 4.1K, May 4.1K, Jun 4.3K

Hours by Initiative

Initiative	Hours
COVID-19 Response	
DB2 - Burke Substation	
DB2 - Royal Substation	1,671
Fiber Expansion	1,432
DB2 - Quincy Plains Substation	1,154
DB2 - Baird Springs Substation	1,065
Randolph Rd Sub Expansion	732
Wholesale Fiber OSS/BSS	568
Distribution P&C	473
DB2 - Mountain View Cap Bank	349
DB2 - South Ephrata Substation	251
District Facilities Master Plan	143
Quincy Substation Rehab	142
SCADA Communication Networ...	108
Video Fish Counting	47
Rocky Ford 115kV Breaker Add...	28
10-Year Electric System Impro...	11

Headcount and Budget by Month & Year

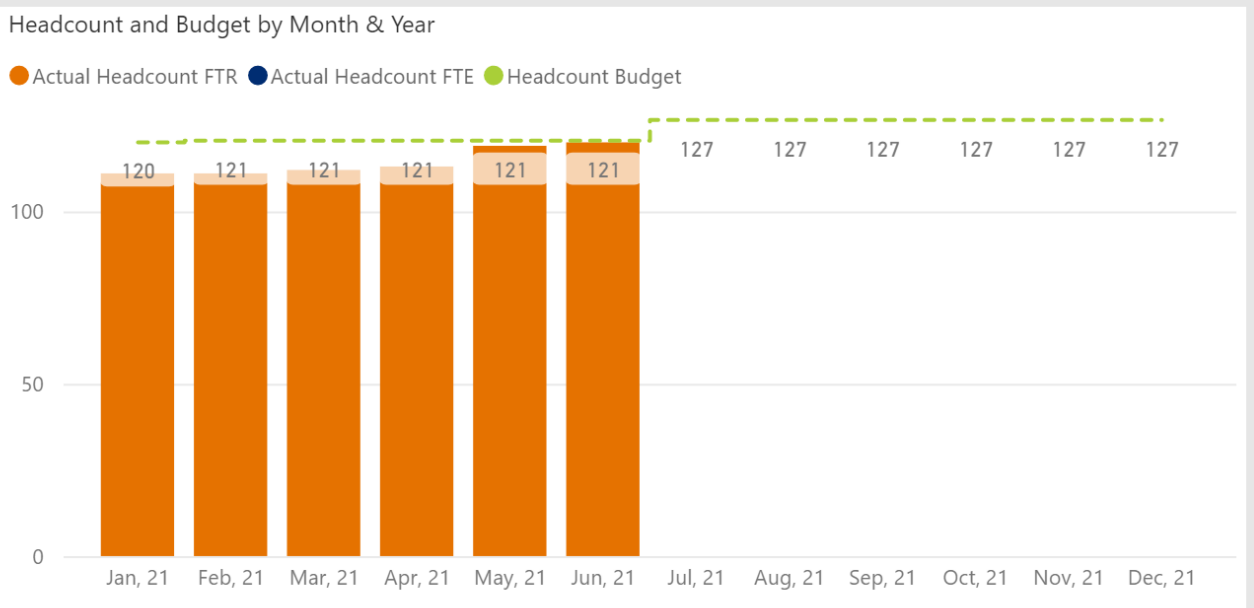● Actual Headcount FTR ● Actual Headcount FTE ● Headcount Budget

Month	Value
Jan, 21	120
Feb, 21	121
Mar, 21	121
Apr, 21	121
May, 21	121
Jun, 21	121
Jul, 21	127
Aug, 21	127
Sep, 21	127
Oct, 21	127
Nov, 21	127
Dec, 21	127

The C & M staff would like to thank the Commissioners and Executive Staff for their continued support.

Special thanks to Randalynn Hovland and Melissa Leonard for their hard work and patience.

Current Rates & Pricing Priorities

- Long term specified source for PUD customers

- Ancillary Services Rate Schedule

- Point to Point Transmission Service Rate Schedule

- Update to Rate Schedule 31 – Wholesale Transmission Delivery – Small Load Customers Rate 31

- Rate Schedule 3 – Conversion from stated Horsepower (HP) to KW Demand

Long Term Customer Specified Source

- Solution to provide customer with a long-term specific resource very similar to the current Rate Schedule 13SS

- Existing Rate Schedule 13SS provides for annual specified sources

- Initial interest for long-term specified source is local solar generation

- Customers could still enter into a wholesale only transaction for their own benefit which would require transmission and other services

- Expect to see more information later this year

Future Rate Schedule 33 – Ancillary Services

- *Ancillary Services:* those services necessary to support the transmission of electric power from resources to loads given the obligations of balancing authorities and transmitting utilities within those balancing authorities to maintain reliable operations of the interconnected transmission system.

Ancillary Services on Rate Schedule 33

1. Scheduling, System Control and Dispatch Service
2. Reactive Supply and Voltage Control from Generation and Other Sources Service
3. Regulation and Frequency Response for Service to Loads
4. Energy Imbalance Service for Loads
5. Operating Reserves Service
6. Generator Imbalance Service
7. Real Power Losses
8. Solar Integration/Regulation Service

Future Rate Schedule 32 – Point-to-Point Transmission Rate

• The reservation and use of transmission capacity on a firm basis to allow a customer to move power and energy from the Point(s) of Receipt to the Point(s) of Delivery

• The first customers will likely be solar generation plants. Other customers may follow if Grant develops on OATT.

• Applicable Ancillary Services for each customer will be addressed in customer service agreements

Differences in Rate Sch 30 and Rate Sch 32

- Rate Schedule 30 – Wholesale Transmission Delivery Large Load Rate: Applies to loads and the billing for delivery is based on the monthly peak of the load

- Rate Schedule 32 – PTP Transmission: Will be used for generators interconnected to the Grant System and for general transmission over the Grant system. The billing for monthly delivery is based on a long term reservation of system capacity

Update to Rate Schedule 31 - Wholesale Transmission Delivery Small Load Rate

- Rate Schedule 31 is for wholesale delivery to the following types of loads
  - 31A: Residential
  - 31B: General Service
  - 31C: Pumping Loads

Issue to address in Rate Sch 31

- The current rates are based solely on delivery of energy
- This is not a good way to charge for wheeling, the actual costs of which are not tied to the amount of energy delivery.
- Costs of wheeling are better represented by fixed monthly charges and demand charges
- The current rates were first implemented in a contract on July 1, 2017 and were meant to be in place for a much shorter period of time.

Updated construct for Rate Schedule 31

- New rates are based on the Retail Cost of Service Study done by GDS
- Rate Schedules 31A Residential and 31B General Service will be based on a monthly charge and an energy charge.
  - This aligns the rate construct more closely with retail rates for similar loads
- Rate Schedule 31C Pumping Load will be based on a monthly charge and a monthly demand charge
  - This aligns the rate construct more closely with retail rates for similar loads
  - Current Rate Schedule 3 uses a seasonal Horsepower Charge, which is a demand based construct, but not based on actual measured demand
  - Rate Schedule 31c will use a monthly demand based charge based on measured kW.

HP – KW Demand Conversion

Irrigation Service Rate 3:

Customers with irrigation, orchard temperature control or soil drainage loads not exceeding 2,500 horsepower and other miscellaneous power needs including lighting. For miscellaneous power requirements, customers will furnish additional transformers and other equipment necessary. A grinder, chopper, welder, etc., may be used on a limited operation basis; provided, a double-throw switch or other suitable device is installed that will disconnect one piece of equipment from the line while the other is in operation; provided further, that the load so connected is less than the primary load. Customers receiving service pursuant this rate schedule shall be required to pay charges as set forth below.

BASIC CHARGE	ENERGY CHARGE	CAPACITY CHARGE	MINIMUM CHARGE
Single-phase	All kWH billed at	First 75 hp billed at	Monthly Capacity Charge + Monthly Basic Charge = Minimum Charge
$29.36 / month	**$0.02895 / kWh**	**$2.67 per hp**	
Three-phase		Over 75 hp billed at	
$41.92 / month		**$2.45 per hp**	

HP – KW Demand Conversion

What is proposed:

- Change the Capacity Charge from being billed based on HP to being billed based on actual demand.

Why are we proposing a change?

- Billing accuracy
  - During the CT meter audit, the electricians found that irrigation equipment had been changed out and the HP name plate was not updated in the billing system.
- Customer convenience
  - Don't need to report HP changes to Customer Solutions.

HP – KW Demand Conversion

Rate Design Process

- Estimated overall revenues held constant while converting from stated HP charge to actual kW Demand Charge

- Evaluate different rate designs with the objective of minimizing rate impact to individual customers (assuming reported HP is accurate)

- Customers will be impacted differently – some will see increases and others will see decreases.

HP – KW Demand Conversion

Proposed Timeline

- Fall 2021 - Analyze bills and develop recommended rate design

- November 2021 - Commission Presentation with recommended rate schedule revisions

- Winter 2021 -2022
  - Communications plan for Ag customers
    - Presentation at Ag Workshop
    - Article in PUD Ag Newsletter
    - News Release
    - Training for CSR's

- January 2022
  - Create, test, and implement rate into billing systems

- February 2022
  - Rate goes into effect for 2022 growing season

Input from Commission

Open Question:

- Does the Board want staff to develop a separate Ag retail rate class for your consideration?

Enterprise Technology Business Review

Commission Update – August 2021

Grant PUD

Powering our way of life.

Agenda

1 Functional Review

2 Financial Review

3 Technology Project Update

4 Organizational Health and Staffing

Vision & Mission – Enterprise Technology

Vision: To be invisible and indispensable in the delivery of GCPUD's services to the people of Grant County.

Mission: To enable cost-efficient, error-free operation and timely decision making through technology that anticipates needs, silently solves everyday issues, and presents highly consumable, relevant information to stakeholders and users, regardless of where they are, when they need it, or how they wish to access it.

01

Functional Review
Key Accomplishments Since Last Update

Significant Accomplishments in 2021

- **Office 365 Close-out** – This project was officially closed out and completed with trailing long-cycle work remaining as punch list items in-work when unblocked. The O365 effort was essentially a *program* of 12 interrelated and interdependent project.

- **SharePoint Migration** – Project deemed Complete.
  Next Steps – Complete long-cycle "punch list" items including migration Safety Site and legacy apps (e.g., Invoice Processing) and workflows so the functionality can be migrated off the legacy on-premise SharePoint site.

- **ServiceDesk** has made huge strides coming out of the COVID response and is now largely meeting SLA targets for support. Addition of headcount and focused supervision have turned the tide and the team is in continuous improvement mode each day.

Significant Accomplishments in 2021

Service Desk has stemmed the tide on tickets and recovered from COVID response with improved support and new capabilities:

- **Completed** full deployment of Service Desk Plus providing ITSM full incident response, including remote support via live chat and remote desktop support, Increased asset management (hardware and software), Contract management and Change management.

- **Caught up** on tickets and ticket quality with substantial improvement after short- handed start of year.

- **Deployed** InTune End Point Manager - Auto pilot, allowing for the deployment of a new end point without the need for on site visit to pick up.

- **Implemented** Service Desk Support Check Ins - quarterly check in with Business unit leaders on a regular cadence for gaining feedback and turning that into process improvements.

Next steps – Leverage the capabilities of SD+ and automation to achieve exceptional service

Significant Accomplishments in 2021

Platform Operations added new leadership and augmented staff to improve operations. :

- **Performed** rigorous review and vendor analysis to identify the next generation of infrastructure for compute and storage. Selected a partner and is navigating the procurement process for a 2021/2022 implementation.

- **Consolidated** SQL server instances across the enterprise. - Reduced total Databases by 81, Reduced SQL License by 8, Recovered 45 CPU cores, 156 GB MEM, and 2.5 TB of storage.

- **Deployed** OpsManager and implemented monitoring of the health and performance of Compute and Storage infrastructure for Grant PUD. This group is the pilot team for these core capabilities. Working to fully integrate with SD+ as next iteration of improvement.

- **Aligning** team and improving progress as the function works on modernization of our core infrastructure.

Next steps – Position the PUD for long-term success with implementation our next generation compute infrastructure to improve operational efficiency, scale and performance.

Significant Accomplishments in 2021

Enterprise Applications has many successes year to date:

- **Completed** the O365 project which included moving hundreds of sites from on prem servers to the cloud. This has kept us on track to retire the older on prem Sharepoint servers and save on license costs.

- **Completed** the first CCS push to a new release 20C. Took away lessons learned that will allow us to streamline that process for future releases and got the team more comfortable with using the UAT tool.

- **Completed** updates to the Forced Outage Exception Report in Maximo. Participated in the rollout of Policy Tech and GovQA to ensure all staff have the appropriate access to these tools

- **Completed** development for the new Condition Reporting Tool in Maximo which will be rolled out in a few weeks and replace the old Close Calls/Incidents reporting within Sharepoint.

- **Upgraded** File360 to enable integration with Outlook O365.

Next steps – Finalize direction for Enterprise Asset Management in conjunction with new program leaders from Power Delivery and Power Production.

Significant Accomplishments in 2021

Cybersecurity continues to advance our protections and controls to prevent intrusion, malware and cybercrime through design, implementation and oversight of an overlapping series of controls detailed in the Cybersecurity "Keeping it Fresh" Roadmap.

- **Deployed** new firewalls at Mobile Mountain View, Quincy Plains and Randolph as part of project to modernize 36 aging firewalls across all district facilities and substations, including CIP environments.
  Next steps – Continue roll-out across 11 geographically grouped locations (June 2022)

- **Rolled-out** new Cyber Awareness Program including Phishing Campaigns, updated Annual Cyber Training, Quarterly Cyber Awareness Training refreshers   , Monthly New Screen Savers, Weekly News articles in Grant Newsletter.

- **Successfully Exercised** our cyber incident response plans with Power Production and Power Delivery

- **Developed** proposal for outsourced 24x7x365 vendor managed threat monitoring and response.

- **Managed** multiple 3rd party assessments of our cyber protections and potential gaps

Significant Accomplishments in 2021

Telecom Engineering has quietly improved its internal processes, practices and capabilities

- **Eliminated** CIP self-reports and grievances. This is a meaningful improvement and warrants recognition here.

- **Successfully Deployed** the new model Cisco 9410 Wholesale Fiber access switches with support of Electronic Techs, enabling a pathway for enhanced capabilities, greatly improved performance and overall modernization of the Wholesale Fiber services.

- **Negotiated** Fiber backbone modernization contract with Nokia following 2020 RFP. This 8-month process is nearly complete pending Commission approval.

Significant Accomplishments in 2021

Software Engineering & Architecture provides all of the enterprise cross-cutting integration and solution design in support of our technology modernization projects. Key accomplishments for 2021 to date include:

- **Implementation** of our Analytics infrastructure including integration of data sources like AMM and CCS.

- **Program Management** of Data Governance Program Development efforts to formalize how Grant PUD will raise operational maturity for sourcing, documenting, and formally managing data throughout the enterprise.

- **Developed** major improvements to timesheet handling and data entry, reducing variation, improving data quality, saving a ton of time, and overall improving efficiency of our Data Optimization initiative.

- **Guided** all design for technology integration for each Technology Roadmap project in flight.

Snowflake/PowerBI "Analytics in Action"

- "Instantly" sort through millions of rows of billing data for each premise

- Generate key billing and load information for any customer, premises and rate schedule going back as far as 7 years

- View historical details on any premise including:

Rate	Meter Demand	Avg Load (aMW)
Bill KWH	Bill Demand	$ Amount
Bill Kvr	Power Factor	Cycle Days
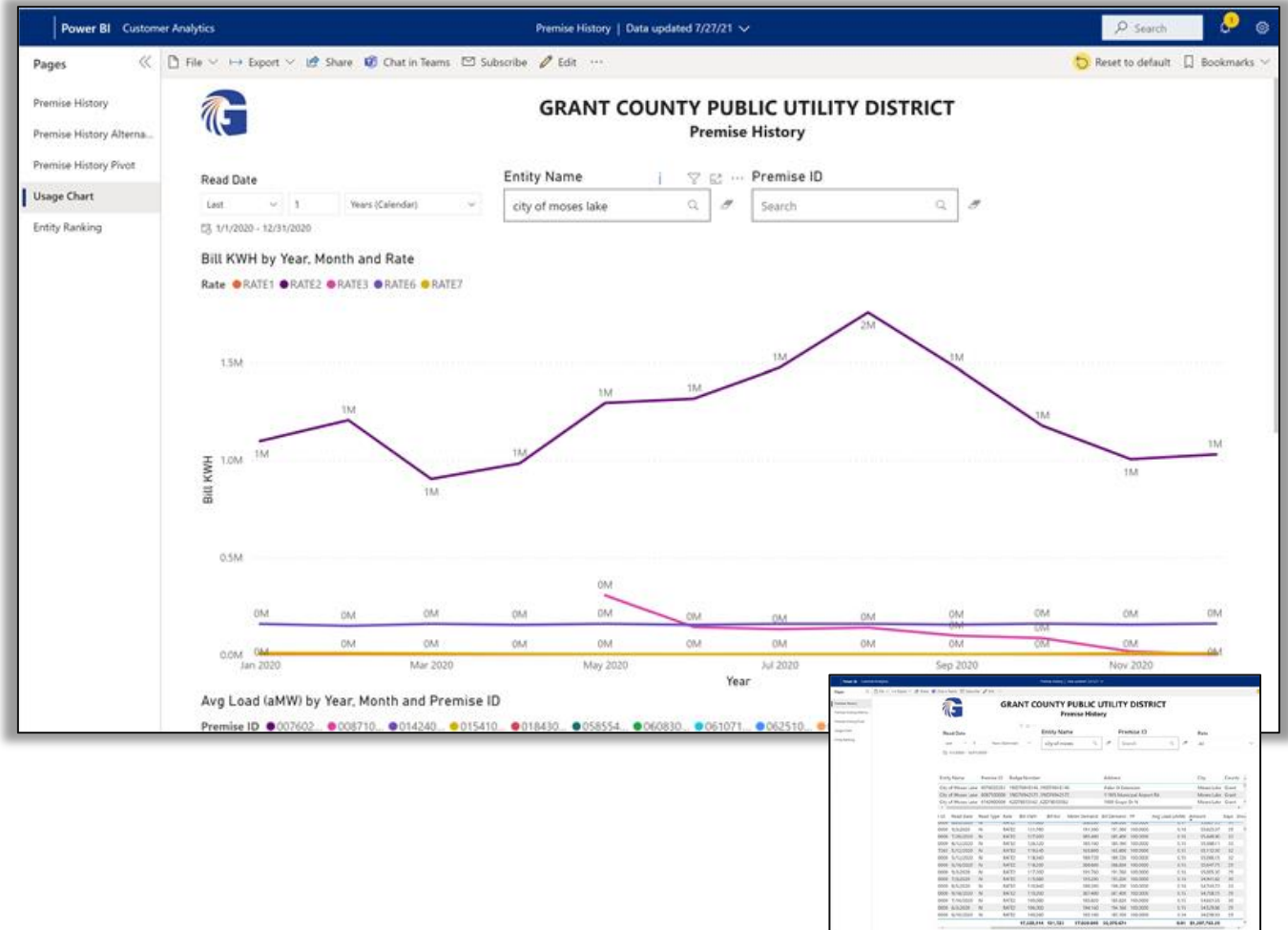
KPI Dashboard: 2021 Q2 Review

IT Performance Scorecard –2021 (through Q2)

Key Result Area	KPI	KPI Measure	Quarterly Scores			
			Q1	Q2	Q3	Q4
Financial	F-1	**O&M Budget to Actuals** (On Track=Green, Over but may recover=Yellow, Over will not recover=Red)	🟢▲	🟢▲		
	F-2	**Capital Budget to Actuals** (On Track=Green, Over but may recover=Yellow, Over will not recover=Red)	🟢▲	🟢▲		
	F-3	**Labor Budget to Actuals** (On Track=Green, Over but may recover=Yellow, Over will not recover=Red)	🟢▲	🟢▲		
Operational	O-1	**Customer Satisfaction** (>80% is Green, 65-79% = Yellow, <65% = Red)	🟡	🟢▲		
	O-3	**Help Desk First Contact Resolution** (>65% is Green, 50-64% = Yellow, <50% = Red)	🟡	🟢▲		
Compliance	C-1	**CIP Compliance** (No self-reports or audit findings = green, self-reports but no audit findings = Yellow, audit findings = Red)	🟢▲	🟢▲		
	C-2	**Annual State Audit** (No findings = Green, audit findings = Red)	⬛	⬛		⬛
	C-3	**Annual Independent Audit*** (No findings = Green, audit findings = Red)	🟢▲	⬛	⬛	⬛
Workforce	W-1	**Labor Relations** (No grievances = Green, Grievance Filed = Yellow, Grievance Lost = Red)	🟢▲	🟢▲		
	W-3	**Safety Culture** (No issues = Green, Close Calls = Yellow, Injury = Red)	🟢▲	🟢▲		

Notes

- Financial – IT financial processes are rigorous and working. They ensure actual spend tracks to budget plan.

- Operational – System stability, availability and performance remain high. Service Desk has recovered from cutover to SD+ and staff turn over.

- Compliance – No issues.

- Workforce – No issues. Telecom has sustained improved relations with represented staff.

*CIP, Annual State Audit, and Independent Audit indicators reflect last fully completed audits.
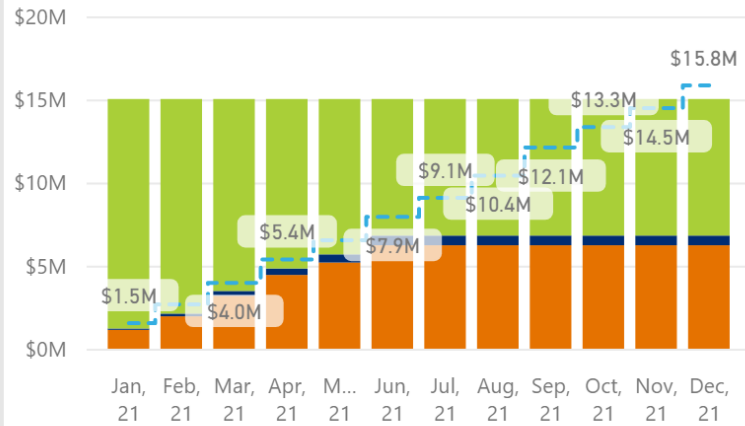
02

Financial Review (to year end)

O&M and Capital

Operating Unit

FE - Chief Technology Officer ▼

Capital Labor & Net Actuals YTD Vs. Year-End-Projections

● Net Actuals ● Capital Labor ● YEP Remaining ● Budget YTD

O&M Budget vs Actuals (Including Cap Labor)

Cost Category Type/Cost Category	Budgeted	Actuals	Budget Var	Budget Var %	Consumed %
⊟ **Labor**	**$3,427,233**	**$3,185,484**	**-$241,749**	**-7.1%**	**92.9%**
Salaries & Wages	$2,178,920	$1,948,322	-$230,598	-10.6%	89.4%
Benefits	$1,219,320	$1,081,350	-$137,970	-11.3%	88.7%
Overtime	$16,590	$16,327	-$263	-1.6%	98.4%
Other Labor	$12,403	$139,485	$127,082	1,024.6%	1124.6%
⊞ **IT**	**$3,099,047**	**$2,787,309**	**-$311,738**	**-10.1%**	**89.9%**
⊞ **Purchased Services**	**$1,026,460**	**$724,459**	**-$302,001**	**-29.4%**	**70.6%**
⊞ **G&A**	**$190,103**	**$2,918**	**-$187,185**	**-98.5%**	**1.5%**
⊞ **Utilities**	**$177,174**	**$107,121**	**-$70,053**	**-39.5%**	**60.5%**
⊞ **Operating Materials & Equipment**	**$11,672**				
Total	**$7,931,689**	**$6,807,291**	**-$1,124,397**	**-14.2%**	**85.8%**

Gross Actuals Vs. Budget

$6.8M   -14.2%

Capital Labor Actuals Vs. Budget

$581.3K   +6.7%

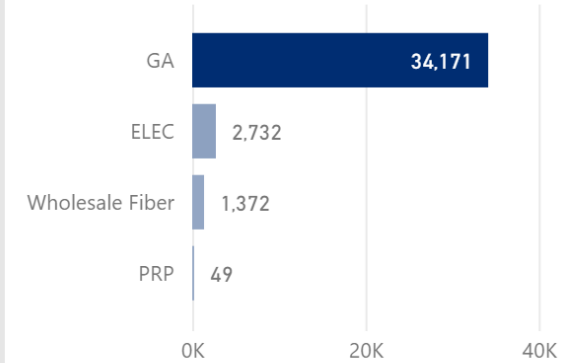### Net Actuals Vs. Budget

$6.2M   -15.7%

- Capital Labor is a subset of the Labor above   **- Net Actuals vs Budget = Gross Actuals minus Capital Labor**

Operating Unit
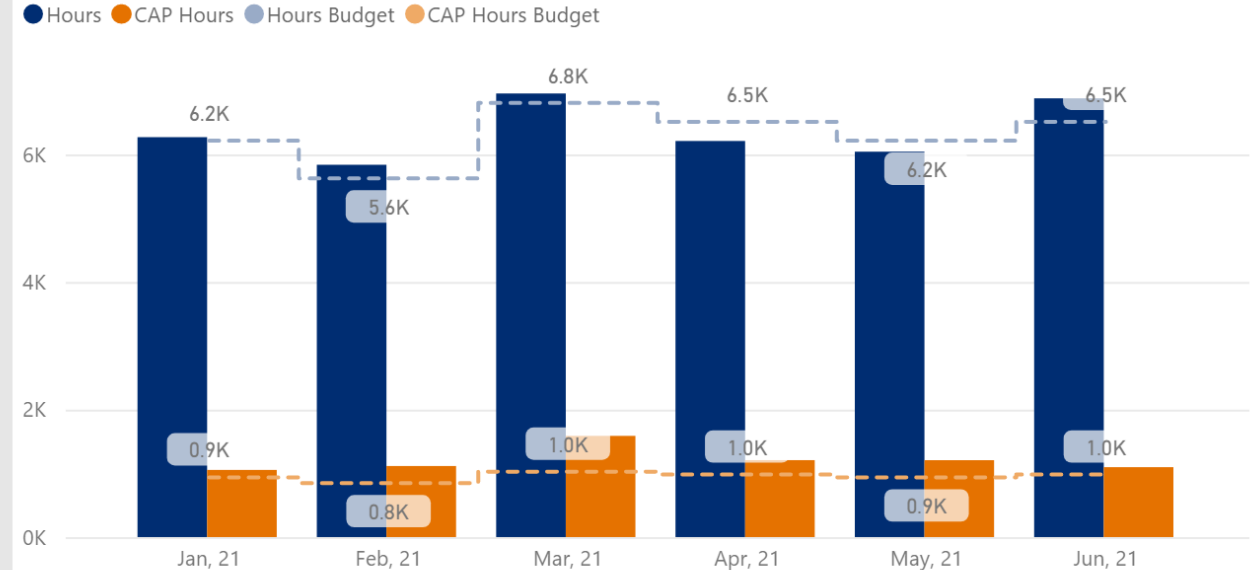
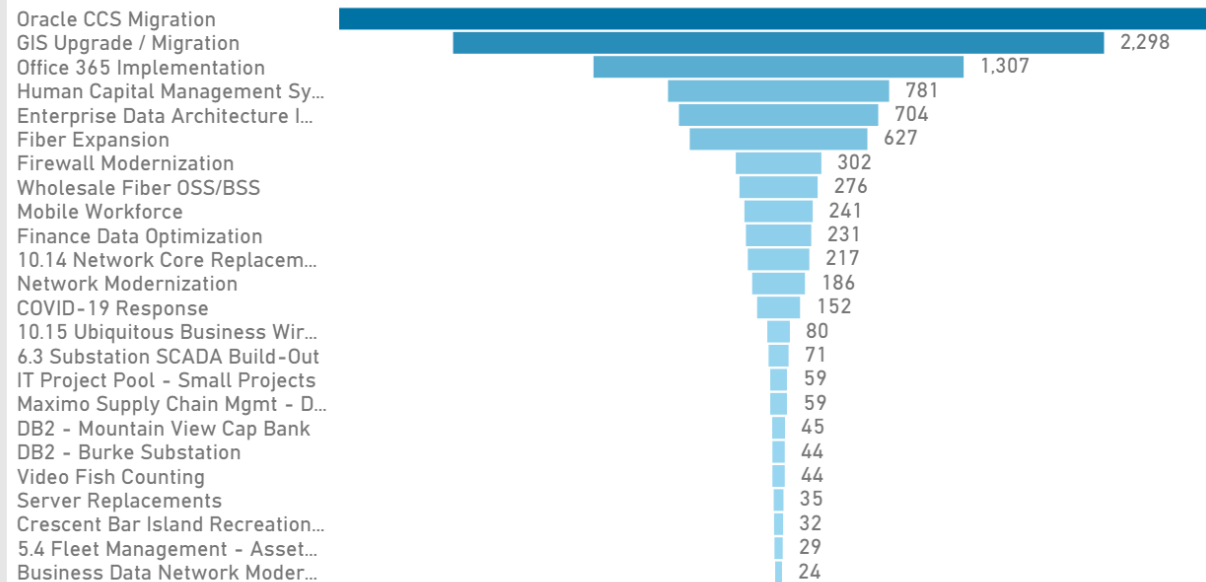FE - Chief Technology Officer ▾

Hours by System

System	Hours
GA	34,171
ELEC	2,732
Wholesale Fiber	1,372
PRP	49

Hours by Program

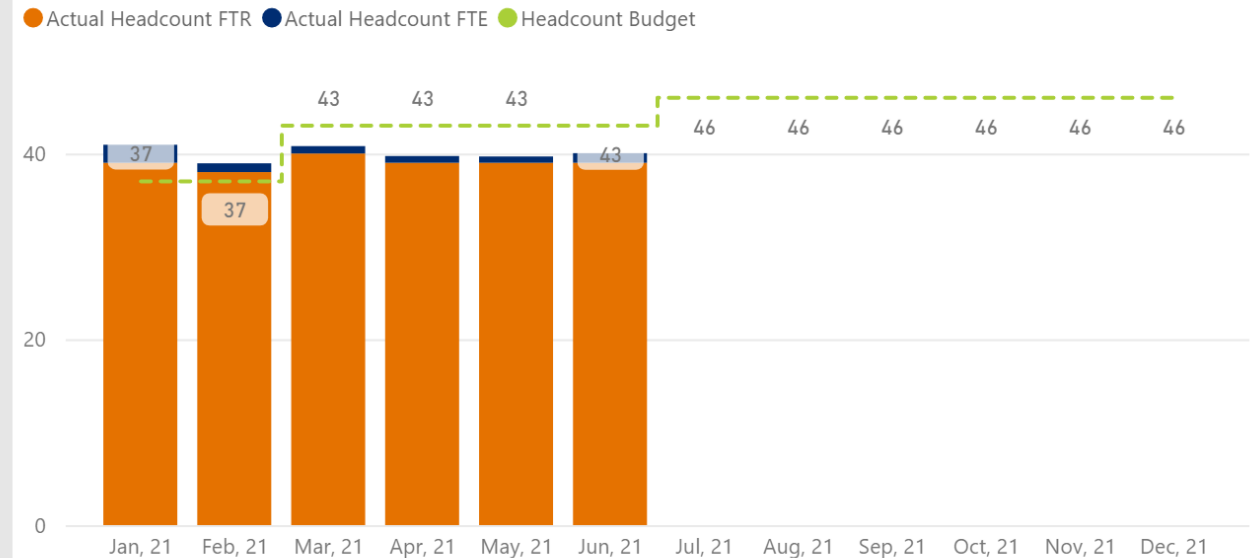Technology Roadmap

CIP Co...

1,201

Data G...

483

Safety

427

Correcti...

400

10,190

Hours and CAP Hours Vs. Budgets

● Hours ● CAP Hours ● Hours Budget ● CAP Hours Budget

Month	Hours	CAP Hours
Jan, 21	6.2K	0.9K
Feb, 21	5.6K	0.8K
Mar, 21	6.8K	1.0K
Apr, 21	6.2K	1.0K
May, 21	6.2K	0.9K
Jun, 21	6.5K	1.0K

Hours by Initiative

Initiative	Hours
Oracle CCS Migration	
GIS Upgrade / Migration	2,298
Office 365 Implementation	1,307
Human Capital Management Sy...	781
Enterprise Data Architecture I...	704
Fiber Expansion	627
Firewall Modernization	302
Wholesale Fiber OSS/BSS	276
Mobile Workforce	241
Finance Data Optimization	231
10.14 Network Core Replacem...	217
Network Modernization	186
COVID-19 Response	152
10.15 Ubiquitous Business Wir...	80
6.3 Substation SCADA Build-Out	71
IT Project Pool - Small Projects	59
Maximo Supply Chain Mgmt - D...	59
DB2 - Mountain View Cap Bank	45
DB2 - Burke Substation	44
Video Fish Counting	44
Server Replacements	35
Crescent Bar Island Recreation...	32
5.4 Fleet Management - Asset...	29
Business Data Network Moder...	24

Headcount and Budget by Month & Year

● Actual Headcount FTR ● Actual Headcount FTE ● Headcount Budget

Month	Actual Headcount FTR	Budget
Jan, 21	37	
Feb, 21	37	37
Mar, 21		43
Apr, 21		43
May, 21		43
Jun, 21	43	
Jul, 21		46
Aug, 21		46
Sep, 21		46
Oct, 21		46
Nov, 21		46
Dec, 21		46

YTD Actuals

$0.2M $4.8M
$0.0M $4.8M

Total Projects

6

EPMO Management

Active / No

Project Type

Project / Fitness

Project Phase

5 Planning / 6 Execution

Budget vs Actuals (Capital Directs)

| Name	CY Budget	CY Approved Spend	CY Actuals	BOY Fx	CY YEP
10.14 Network Core Replacements.xlsm	$1,800,000	$2,800,000	$2,326	$2,743,821	$2,746,147
Copy Machine Replacements.xlsm	$100,000	$100,000	$700	$0	$700
Enterprise Data Architecture Implementation.xl...	$999,996	$1,302,405	$90,877	$771,664	$862,541
Firewall Modernization.xlsm	$72,000	$239,000	$55,009	$134,000	$189,009
IT Project Pool Small Projects.xlsm	$200,000	$200,000	$690	$160,000	$160,690
Server Replacements.xlsm	$200,000	$200,000	$435	$850,000	$850,435
Total	**$3,371,996**	**$4,841,405**	**$150,037**	**$4,659,485**	**$4,809,522**

IT staff has been primarily focused on delivery of other core technology roadmap projects (e.g. ESRI/GEN2, OSS/BSS, Genetec, etc.). As a result,

03

Technology Project Update
Key Projects in Flight

Strategic Projects for 2021
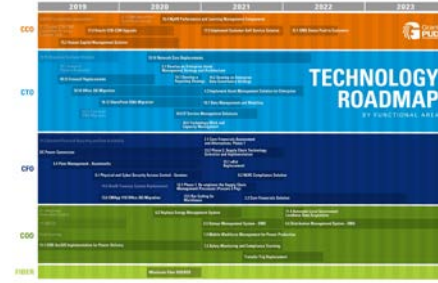
A number of key strategic projects will consume the majority of resources across functions. Customer Service adopts new normal with CCS stabilization period.

(Analyzing) Maximo Expansion Program. A critical expansion of Maximo to support the Enterprise Asset Management Program covering both PP and T&D. Capital components are still in analysis to develop plans / costs / ROI.

> Factors: Capital budgets were delayed until 7/1/21 on many efforts. The O&M analysis portions are proceeding and capital work is in flight where analysis warrants action.

(Continuing) Ultipro HCMS continuing to move forward with Recruitment and Compensation (Ø2), Performance Management (Ø3) and Learning Management (Ø4)

> Factors: Contract in markup to address vendor challenges/implementation timing impacts to cost.

(On Track) ESRI/ArcGIS Replaces legacy electric and fiber design tools and GIS with ESRI based integrated tools from Schneider Electric. Targeting end of Q2 2022 for go-live.

> Factors: Data cleanup and integration. Provides basis for Outage Management, Field Service Work

Technology Projects for 2021
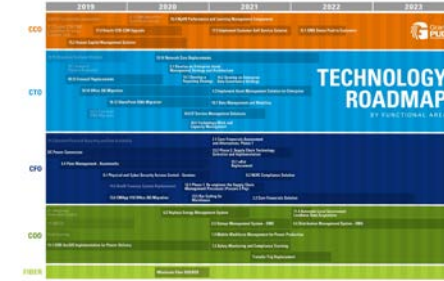
We have organized a program to collect and oversee the basket of technology infrastructure modernization projects with the support of Project Management.

(In Progress) Technology ***infrastructure refresh projects*** are proceeding and will modernize <u>cyber</u>, <u>network</u>, <u>servers,</u> <u>storage</u> and <u>monitoring</u> for long-term needs. Commission contract approval will be required.

> Factors: Alignment of all modernization efforts, Key decisions on deployment location

(Continuing) Enterprise Data Lake and Enterprise Analytics/Reporting is starting to pay dividends. We are realigning with various 3rd party resources to improve delivery outcomes.

> Factors: Business ownership to leverage new tools, partnership with IT to identify needs

(Sustaining) Grant PUD continues to be the "World Champion" of Oracle Customer Cloud Services as we work to be the first utility to go through with a "tri-annual update".

> Factors: Move to automated testing methods and tools, ongoing learning for tech team on new system.

(Starting) We are moving forward with the new OSS/BSS and Mobile Workforce Management projects in support of Wholesale Fiber and Power Delivery.

> Factors: Lots of moving parts that all must integrate through an orchestrated series of "go-live" milestones.

04 Organizational Health and Staffing
Resourcing to meet demand

Personnel Changes / Staffing

We continue to improve our high-performing team.

Office of CTO **Michel Mesaros (Administrative Assistant)**

Service Desk **Promoted** *Level 1 to Supervisor,* **2** *new hires*

Telecom **Filled** *1 Telecom Engineer (***1** *position open)*

Platform Ops **Filled** *FTR Supervisor with local resource replacing contractor*

Software Engineering & Architecture

Filled *IT Manager role*

Converted *Contract consultant to FTE*

Organizational Health

Updates:

- *Technology teams are essentially stable with addition of new supervisory roles and team backfill.*

- *Work pacing slowed in first half of 2021 allowing staff to recover from 2020 year-end push, with summer vacations recharging staff for busy second half of 2021.*

- *Primary gap is business analyst skills to perform the front end work of decomposing needs into requirements and developing options and related business cases.*

Summary / Close-out

The first half of 2021 has been a period of heads down work on in-flight projects, planning for near-term projects, consolidation of legacy technology and stabilization of solutions deployed in 2020 (e.g., CCS, ARCOS).

The IT function is largely sold-out for implementation capacity through year end with teams focusing on ESRI/GEN2, OSS/BSS, Clevest MWFM and a host of infrastructure projects (Firewalls, Network, Compute/Storage refresh).

We continue to refine and adjust recently implemented solutions to improve usability, efficiency and to drive overall value attainment.

The remainder of 2021 will keep staff busy with a collection of infrastructure upgrades and preparation for go-live on several key long-duration projects.

Grant PUD

Powering our way of life.

2021 Federal & State Legislative Update

Andrew Munro, Senior Manager
External Affairs & Communications

Cliff Sears, Senior Policy Analyst
Governmental/Regulatory Affairs

August 10, 2021 Commission Report

Agenda

1. State Updates:

   a. Cap and Invest & CETA Rulemaking

   b. Telecom Legislation

2. Federal Updates:

   a. Pro-Hydro Tax Legislation

3. Broadband Funding Goals

4. Other Focus Areas:

State – Cap and Invest:

CETA Rulemaking:

State – Cap and Invest

1. Free allowance allocation to utilities to mitigate cost to utilities based on IRP planning projections.

    a. Don't pay twice for CETA and Cap & Invest
    b. Energy Intensive Trade Exposed (EITE) industries will also receive allowances through 2035. Uncertainty after that.

2. Treatment of imports:
    a. Covered in 2023 to encourage linkage with CA – may impact current contracts.
    b. Added provision to protect existing contracts during first compliance period with free allocation to public entities.
    c. Unlikely to have linkage with CA by 2023.

3. Cap and Invest rulemaking via Ecology will have an aggressive schedule to meet the 2023 start date.

Two key **Clean Energy Transformation Act (CETA) issues**:
1. Accounting for "use" of clean energy over 4-year compliance period.
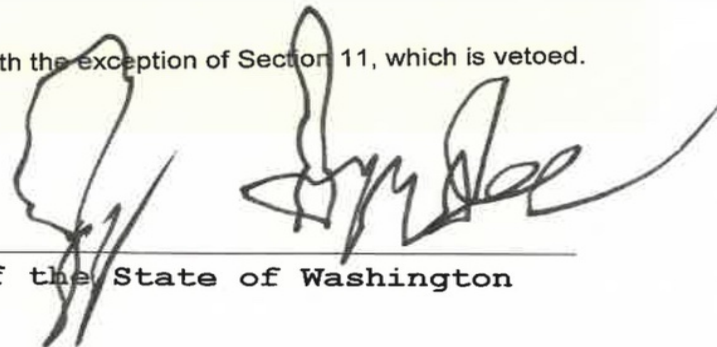2. No coal rule creates risks around transacting forward physical positions.

State – 2021 Telecom Legislation

1. Retail Authority Bills:
   a. <u>HB 1336</u> – *Unrestricted retail authority* for all public entities (WPUDA / Kitsap sponsored).
   b. <u>SB 5383</u> – *Limited retail authority* for PUD and Ports to unserved areas.

2. Both signed at the same time by the Governor, ***one in his right hand and the other with his left hand***.
   - ✓ Litigation has resolved that HB 1336 was passed last and will control in the event of a conflict.

3. At the last WPUDA meeting, there weren't any PUDs that indicated they planned to use new authority. WPUDA will defend retail authority, though.

May 13, 2021 with the exception of Section 11, which is vetoed.

Governor of the State of Washington

Federal – Pro Hydro Tax Legislation

S. 2036, Maintaining and Enhancing Hydroelectricity and River Restoration Act of 2021 (Sen. Cantwell, Sen. Murkowski):

- Establishes 30% Tax Credit for dam safety, environmental improvements, and grid flexibility expenditures, with a direct pay alternative for public power.
- Projects must begin before 2032.
- No double dipping – 30% ITC could be reduced by other tax-exempt financing.
- Sent Grant PUD letters of appreciation/support to Sens. Cantwell and Murray.

H.R. 4375, 21st Century Dams Act (Reps. Kuster, Young & Sen. Feinstein):

- Incorporates tax incentives in S. 2036, but also funds dam removal and creates a dam removal advisory council. *However, removal not applicable to federal and non-federal dams without the owners' consent.*
- *Non-federal projects: $4.7B over ten years.*
- *Federal projects: $22B over ten years.*

Federal – Pro Hydro Tax Legislation

Senate Energy Infrastructure Act (Sen. Manchin): $753M for direct funding of hydropower through appropriation of Sen. Cantwell's tax incentive. Passed Senate Energy Committee. Proposal would fund:

Sec. 242 Energy Policy Act of 2005 – New hydropower capacity from $750k to $1M / year; $125M total for the program.

Sec. 243 Energy Policy Act of 2005 – Hydropower efficiency increases from $750k to $5M / year; $75M total authorized.
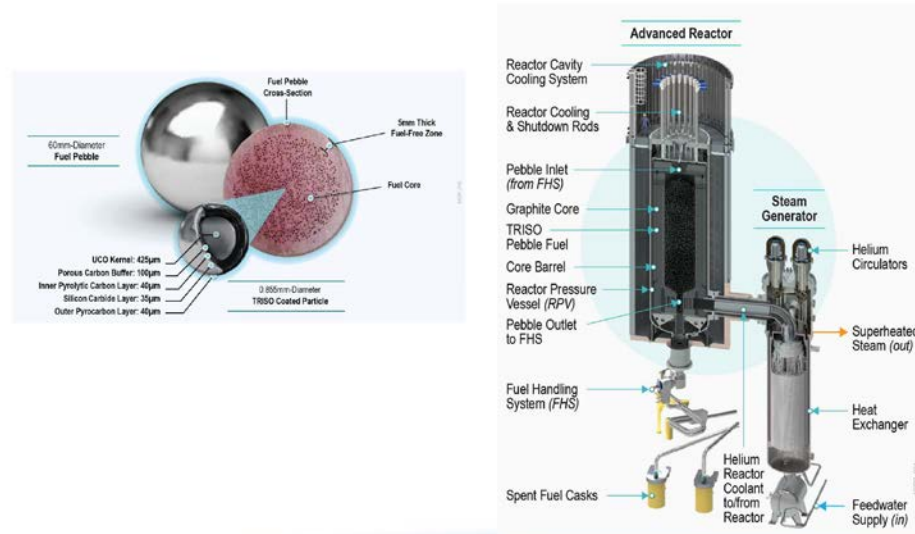
Sec. 244 (new) Energy Policy Act of 2005 – $553M (similar to S. 2036) to improve dam safety, environmental improvements, and resiliency, but are direct pay to applicant (not a tax credit) capped at $5M / year for 4-5 years.

S. 2118, Clean Energy for America Act (S. Wyden) – Creates technology neutral tax credit for investments in efficiency improvements per unit and for transmission lines > 275MW.

Trying to add the Sen. Cantwell amendment to include hydropower.

Broadband Funding Goals

Current Funding:

- ✓ $155,000 for the Wanapum Indian Village.
- ✓ $258,000 for Precision Ag pilot study from the Department of Agriculture.
- ✓ $1.6M grant/loan awarded from the PWB.

Future Funding Opportunities:

- ❏ Future grant programs administered from $326M funded to WA State Broadband Office (WSBO).
- ❏ Phase 2 Public Works Board broadband grant.
- ❏ Evaluating possible pass through of Rural Digital Opportunity Fund (RDOF) via agreement with a local provider.
- ❏ Seeking State Block Grants.

Overview – Pebble Bed HTGR

Other Focus Areas

1. Improved state budget forecast of $2.6B.

2. End disconnect moratorium Sept. 30, 2021.

3. Financial assistance for arrearages now estimated at around $150M statewide.

4. Small modular reactor (SMR) – Outreach with Legislators, agency staff and others.

5. Support extension of tax credit for data centers.

6. Oppose bill requiring a net ecological gain concept in comprehensive planning.

7. Monitor EFSEC / HR Related legislation.

QUESTIONS?

Powering our way of life.