



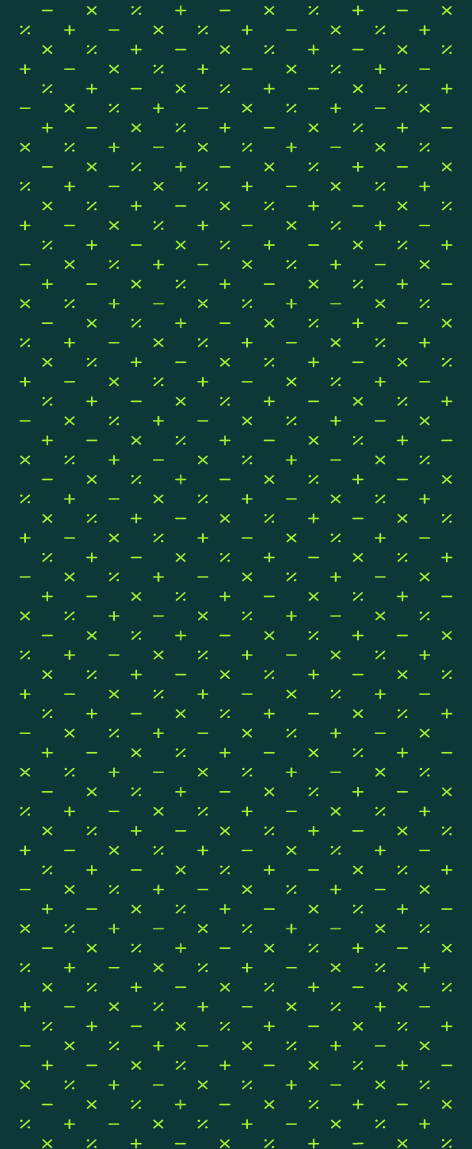
MOSSADAMS

Grant County Public Utility District

2024 AUDIT PLANNING

January 14, 2025

Presentation to Management and
Those Charged with Governance



Scope of Services

- Audit and report on the financial statements for Grant County Public Utility District
- Audit and report on internal control and compliance over financial reporting in accordance with *Government Auditing Standards*
- Issue a management letter of recommendations and observations, as necessary

Annual Audit



- Annual financial statement audit for the year ended December 31, 2024
- Report on internal control in accordance with *Government Auditing Standards*

Limited Procedures



- Management discussion and analysis
- Schedule of the District's proportionate share of the net pension liability
- Schedule of the District's pension contributions
- Schedule of changes in the total OPEB liability and related ratios



Auditor's Responsibilities in a Financial Statement Audit

- Auditor is responsible for:
 - Forming and expressing an opinion on whether the financial statements are prepared, in all material respects, in conformity with applicable financial reporting framework
 - Communicating significant matters, as defined by professional standards, arising during the audit that are relevant to you
 - When applicable, communicating particular matters required by law or regulation, by agreement with you, or by other requirements applicable to the engagement
- The audit of the financial statements does not relieve management or you of your responsibilities.
- The auditor is not responsible for designing procedures for the purpose of identifying other matters to communicate to you.



Management's Responsibilities in a Financial Statement Audit

- Prepare the financial statements
- Provide requested schedules to auditors
- Internal control structure
- Make staff available to auditors
- Representation letter



Our Relationship with the Board of Commissioners

- The Commission serves as ‘Those Charged with Governance’
- Our primary responsibility is to report to the Commission
- We will:
 - Ask you to approve our audit plan
 - Communicate any material weaknesses in internal control or material irregularities as soon as they arise
 - Report on status throughout the audit
 - Provide an exit conference summarizing results of the audit
 - Be available to the Commission members at any time






Audit Areas of Focus

- Internal controls related to financial systems and financial statements
- Capital assets and construction in process
- Bonds payable and related accounts
- Power sales transactions – wholesale and sales to other utilities
- Retail energy sales
- Washington's Climate Commitment Act (CCA) Allowance Accounting
- General computer controls
- Note disclosures



Consideration of Fraud in a Financial Statement Audit

Auditor's responsibility: Obtain reasonable assurance that the financial statements as a whole are free from material misstatement – whether caused by fraud or error

	Procedures to address the risk of fraud	Engagement team discussion
	Identify the risks of material misstatement due to fraud	Perform procedures to address identified risks
	Unavoidable risk exists that some material misstatements may not be detected	Inherent limitation of an audit



What is Materiality?

It's the amount of a misstatement that could influence the economic decisions of users, taken on the basis of the financial statements.



It's calculated using certain **quantitative** (total assets or total revenues) and **qualitative** factors (covenants, expectations of ratepayers and stakeholders, and industry factors)

It identifies:

- 1 Significant risk areas
- 2 Nature, timing, extent, and scope of test work
- 3 Findings or misstatements



Audit Timeline

2024

**August
(ongoing)**

Risk
Assessment
and Audit
Planning

August

Testing of
information
technology
general
computer
controls

**October/
November**

Interim
fieldwork
including
system
walkthroughs
and tests of
internal
controls

2025

January

Commission
Entrance
Meeting

**February/
March**

Final fieldwork
procedures
including
substantive
procedures,
analytical
review, and
test of details

April

Issue Audit
Report on
Financial
Statements
and Reports to
Management
and Those
Charged with
Governance

April

Commission Exit
Presentation



Accounting Developments 2024 and beyond

GASB Statement No. 100: Accounting Changes and Error Corrections- *Effective Date: For reporting periods beginning after June 15, 2023.* Overview: This statement provides guidance on accounting changes and error corrections, clarifying how to report these changes in financial statements.

GASB Statement No. 101: Compensated Absences- *(effective 2024):* This statement provides guidance on the accounting and financial reporting for compensated absences, including vacation and sick leave.

GASB 102: Certain Risk Disclosures- *(effective 2025):* This statement provides users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

GASB Statement No. 103: Financial Reporting Model Improvements- *(effective 2026):* This statements is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.

GASB Statement No. 104: Disclosure of Certain Capital Assets- *(effective 2026): This statement provides detailed information about capital assets in notes to financial statements.*

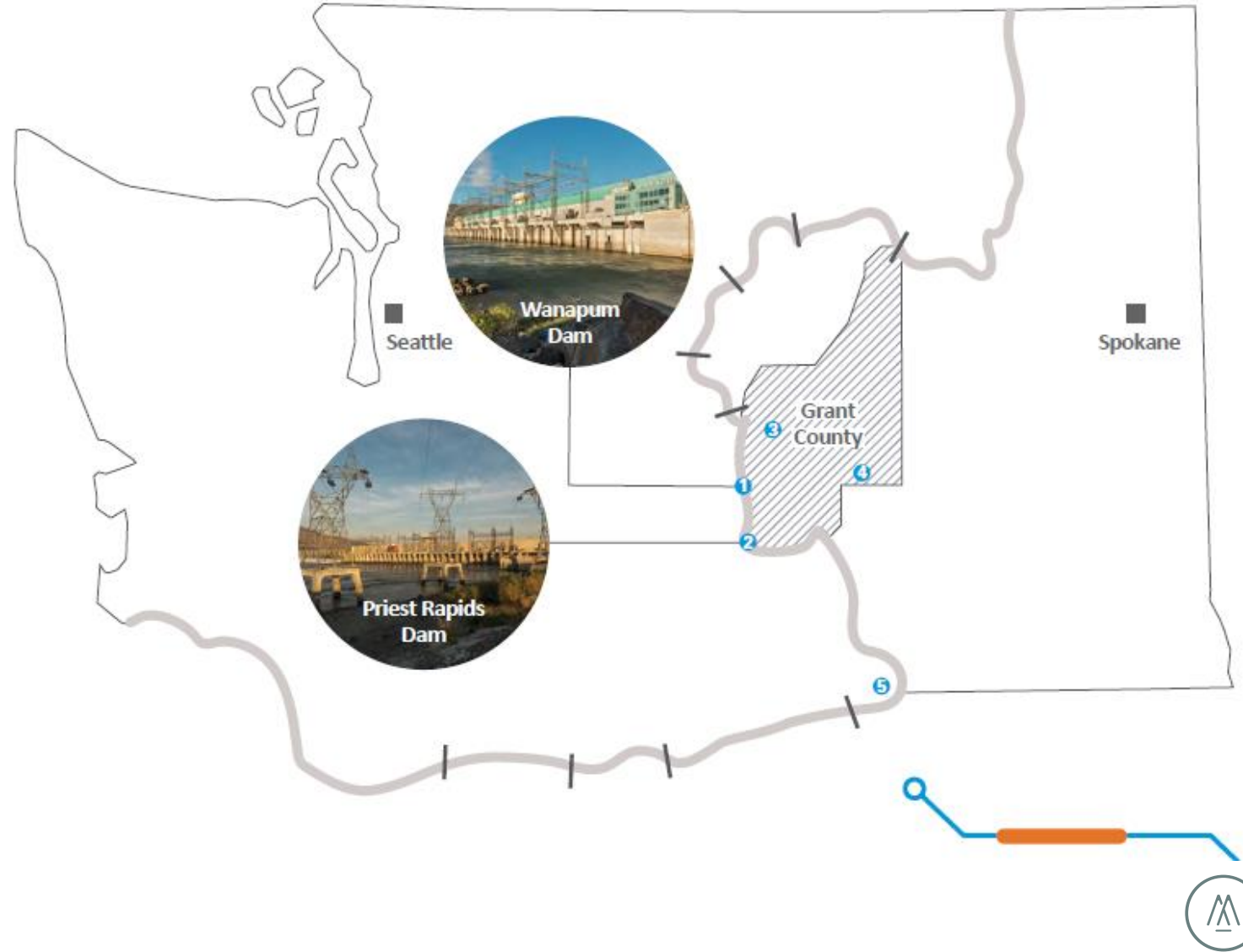


Your Moss Adams Audit Service Team Leaders

Team Members	Responsibilities
<p>Keith Simovic, Partner keith.simovic@mossadams.com 503. 478-2284</p> 	<p>Engagement Reviewer – Keith will serve as your lead client service partner, overseeing all projects we perform for the District. Keith specializes in serving municipal electric utilities.</p>
<p>Kim Koch, Partner kim.koch@mossadams.com 509. 777-0107</p> 	<p>IT Partner – Kim will lead our procedures over the IT general computer controls.</p>
<p>Olga Darlington, Partner olga.darlington@mossadams.com 425. 551-5712</p> 	<p>Concurring Reviewer – Olga will serve as a second partner reviewer, approving our audit plan and serving as a resource to the audit team. Olga is a National Practice Leader for Power & Utilities and specializes in serving municipal electric utilities.</p>
<p>Laurie Tish, Partner laurie.tish@mossadams.com 206. 302-6466</p> 	<p>Laurie will serve a support role. Laurie is the Firm’s National Practice Leader for Government Services and has over 30 years of experience serving municipal electric utilities.</p>
<p>Daniel Roberts, Senior Manager Daniel.roberts@mossadams.com 425. 551-5729</p> 	<p>Dan will supervise our staff and be our primary point of contact during audit fieldwork. Dan specializes in serving municipal electric utilities</p>



Questions?





**THANK
YOU**



SEMI-ANNUAL BUSINESS REVIEW

Reliability Compliance

January 14, 2025



Powering our way of life.

Team Updates



Layna McVay

Manager Reliability Compliance



Glen Pruitt

*Senior Manager Risk &
Compliance*

- Risk & Compliance Department Established in Q4
- Includes:
 - Reliability Compliance
 - Enterprise Risk
 - Internal Governance Compliance
 - Internal Controls

2nd Half Recap

2nd Half 2024 Results

3 Self-Reports Filed in 2024 – No Pending Filings - 2 Open Enforcement Actions Dispositioned in 2024

Self-Report Filing Backlog Completed

Risk and Compliance Business Unit Established

Critical Infrastructure Protection (CIP) Internal Controls Coordinated with Enterprise Internal Controls Program

Multiple Reliability Compliance Processes Documented

One Augmented Self-Certification Completed Successfully – No Findings

New Extreme Cold Weather Program Established

8 Open Enforcement Actions – Working with WECC to Disposition

2nd Half Recap

Key Metrics

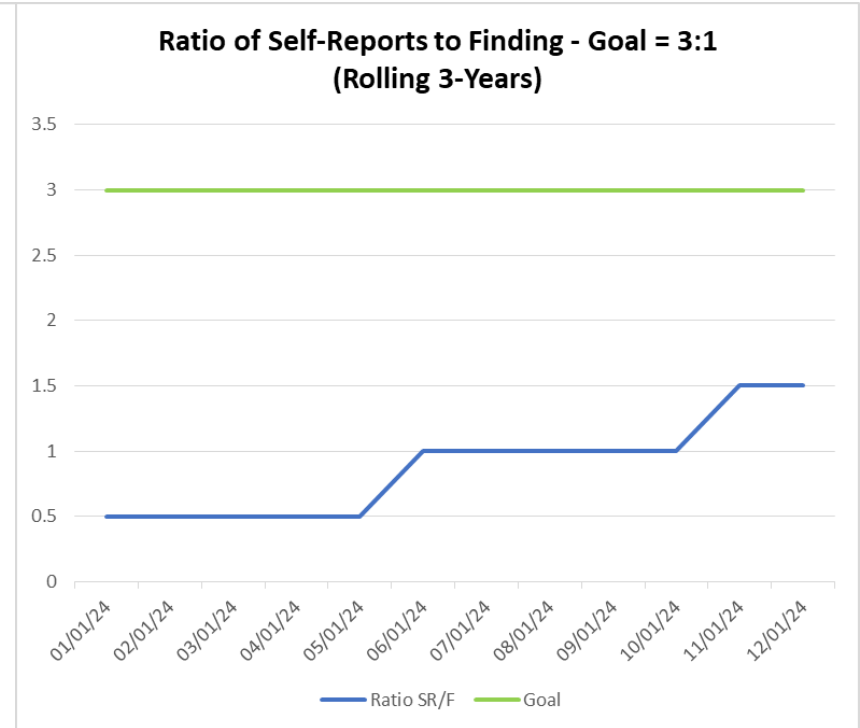
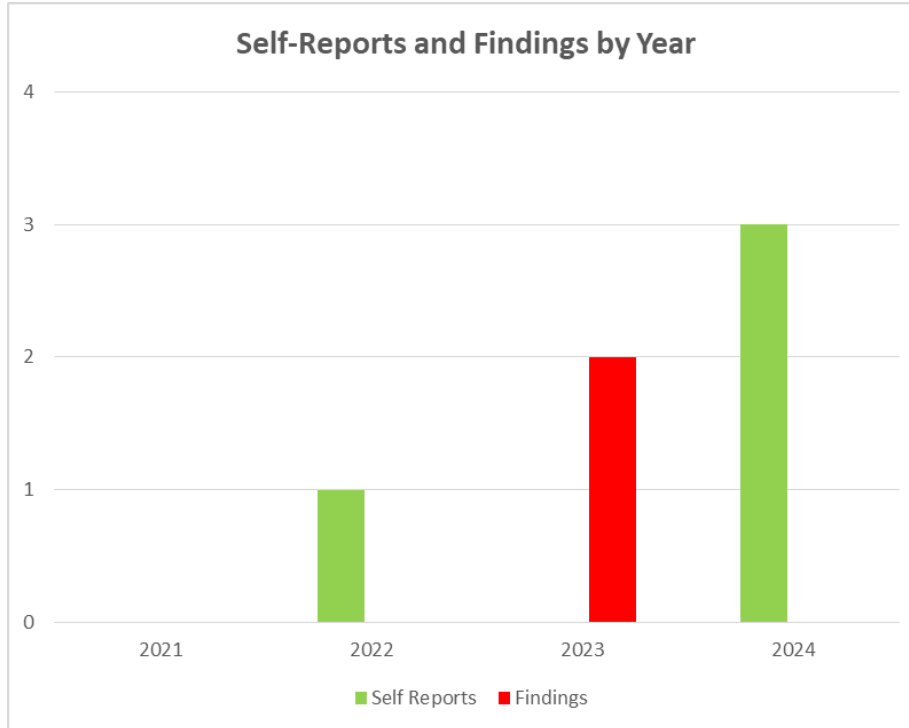
Objective 6 – Operate Responsibly
Target – No Findings

Insights

Filing Self-Reports is a positive indicator to WECC that a utility is monitoring its compliance activities.

	2024 Target	2024
FERC / NERC / WECC Compliance Performance	No Findings	0 2024 Findings 3 2024 Self Reports

Q4 Recap



Q1 Outlook

Near-Term Plans

2025 Self-Certification – Expected Mid-February – Expected Due Date 4/15/2025

New EMS System Commissioning – Expect NERC/WECC Certification in Q2 2025

Initiate Operations & Planning (O&P) Internal Controls Program

Drive Toward Disposition of Additional Open Enforcement Actions – 8 Remaining

Long-Term Strategy

- Annual CIP Training Automation
- Evaluating Self-Logging for Potential Noncompliance Filing
- Transitioning to Audit Prep
- NERC Certifications for:
 - Transmission Service Provider (TSP) Registration
 - New Control Centers
 - Transmission Expansion

Commission Support: Key Asks

- Awareness:

New CIP Requirements Will Drive Additional Engineering Needs

Aging Equipment is Creating Compliance Risk

Transmission System Expansion Will Add Compliance Requirements

These Items Will Drive Staffing Needs

Combining Risk and Compliance Commission Updates

Questions?



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Thank you!



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Department Name:	Key Presenters:	Date:
Reliability Compliance	Glen Pruitt, Layna McVay	1/14/2025

LAST QUARTER RECAP

Quarterly Goals	<ul style="list-style-type: none"> • Self-Report Filing Backlog Completed • Risk and Compliance Business Unit Established • CIP Internal Controls Coordinated with Enterprise Internal Controls Program • Multiple Reliability Compliance Processes Documented • One Augmented Self-Certification Completed Successfully – No Findings • New Extreme Cold Weather Program Established • Currently 8 Open Enforcement Actions – Working with WECC to Disposition
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NEAR-TERM PLANS (NEXT QUARTER)

Project Updates	<ul style="list-style-type: none"> • 2025 Self-Certification – Expected Mid-February – Expected Due Date 4/15/2025 • New EMS System Commissioning – Expect NERC/WECC Certification in Q2 2025 • Initiate O&P Internal Controls Program • Drive Toward Disposition of Additional Open Enforcement Actions – 8 Remaining
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LONGER-TERM STRATEGY

Roadmap	<ul style="list-style-type: none"> • Continuing Work on Open Enforcement Action Dispositions • Annual CIP Training Automation • Evaluating Self-Logging for Potential Noncompliance Filing • Transitioning to Audit Prep • NERC Certifications for TSP, New Control Centers, and Transmission Expansion
Strategy	<ul style="list-style-type: none"> • Simplifying CIP Access Program • Shortening Open Enforcement Action Disposition Times • Improving Compliance Process Efficiency • Self-Identifying Compliance Issues More Effectively to Avoid Findings

COMMISSION SUPPORT: KEY ASKS

Specific Requests	<ul style="list-style-type: none"> • Awareness: <ul style="list-style-type: none"> ○ New CIP Requirements Will Drive Additional Engineering Needs ○ Aging Equipment is Creating Compliance Risk ○ Transmission System Expansion Will Add Compliance Requirements ○ These Items Will Drive Staffing Needs ○ Combining Risk and Compliance Commission Updates
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SEMI-ANNUAL BRIEFING

Dam Safety

January 14, 2025



Powering our way of life.

Team Updates



Michael Voth
Civil Engineer

Recap

Completed Since Last Briefing

– Priest Rapids FERC Dam Safety Inspection

- FERC follow-up letter excerpt: ***No conditions were found that would require immediate remedial action to protect the safety of the project. We did not identify any other items that require follow-up action.***

Recap

Completed Since Last Briefing

– Priest Rapids Part 12 Comprehensive Assessment

- Report excerpts: *The Development is considered to be suitable for safe and continued operation... The District was previously aware of the majority of the issues discussed in this [Comprehensive Assessment report] and has been working to address them. ... The identified deficiencies discussed herein are associated with extreme events, and the District has already implemented risk reduction measures... No additional, immediate, risk-reduction actions are necessary beyond those previously implemented...*

Recap

Completed Since Last Briefing

– Priest Rapids Part 12 Comprehensive Assessment (continued)

- Largest risk contributors:
- Overly conservative analysis of remaining right embankment section inflating risk of seismic failure. **Performing revised analysis in 2025.**
- Seismic failure of left embankment (including seepage blanket). **Performing drilling program in 2025 to improve characterization.**
- Failure of spillway along elevation 405 lift joint. **Mitigating with post-tensioned anchors as part of the Spillway Stability Improvement Project beginning in 2026.**

Outlook

Near-Term Projects

- Priest Rapids spillway pier seismic cross-canyon stability design
- Priest Rapids spillway gate upgrade design study
- Priest Rapids left embankment drilling program
- Priest Rapids Spillway Stability Improvement Project – \$50M

Outlook

Near-Term Projects (continued)

- Wanapum left embankment seismic risk analysis – \$9M
- Wanapum left embankment internal erosion evaluation
- Wanapum right embankment drilling program plan
- Wanapum 2026 Part 12D Periodic Inspection

Long-Term Projects

- Priest Rapids and Wanapum spillway gate upgrades
- Wanapum left embankment seismic and internal erosion mitigation
- Wanapum right embankment drilling

Commission Support: Key Asks

- Two contracts for Priest Rapids left embankment drilling coming soon for approval.
- Discuss acceptable risk after Wanapum left embankment seismic risk analysis is complete.

Questions?



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Thank you!



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Department Name:	Key Presenters:	Date:
Dam Safety	Zach Ruby, Chief Dam Safety Engineer	January 14, 2025

Presenters, please fill out the following information and provide it to Commissioners as a supplement to your presentation.

RECAP	
Completed Since Last Briefing	<ul style="list-style-type: none"> • Priest Rapids FERC Dam Safety Inspection <ul style="list-style-type: none"> ○ FERC follow-up letter excerpt: <i>No conditions were found that would require immediate remedial action to protect the safety of the project. We did not identify any other items that require follow-up action.</i> • Priest Rapids Part 12 Comprehensive Assessment <ul style="list-style-type: none"> ○ Report excerpts: <i>The Development is considered to be suitable for safe and continued operation... The District was previously aware of the majority of the issues discussed in this [Comprehensive Assessment report] and has been working to address them. ... The identified deficiencies discussed herein are associated with extreme events, and the District has already implemented risk reduction measures... No additional, immediate, risk-reduction actions are necessary beyond those previously implemented...</i> ○ Largest risk contributors: <ul style="list-style-type: none"> ▪ Overly conservative analysis of remaining right embankment section inflating risk of seismic failure. Performing revised analysis in 2025. ▪ Seismic failure of left embankment (including seepage blanket). Performing drilling program in 2025 to improve characterization. ▪ Failure of spillway along elevation 405 lift joint. Mitigating with post-tensioned anchors as part of the Spillway Stability Improvement Project beginning in 2026.

NEAR-TERM PROJECTS	
Project Updates	<ul style="list-style-type: none"> • Priest Rapids Spillway Pier Seismic Cross-Canyon Stability <ul style="list-style-type: none"> ○ Strut design feasibility study being reviewed by FERC • Priest Rapids Spillway Gate Upgrade Design Study <ul style="list-style-type: none"> ○ Anticipated completion December 2025 • Priest Rapids Left Embankment Drilling Program – \$1.7M <ul style="list-style-type: none"> ○ Supporting seismic stability analyses ○ Anticipated start between April and June, approximately 3-month duration • Priest Rapids Spillway Stability Improvement Project – \$50M <ul style="list-style-type: none"> ○ Permitting and stakeholder coordination ○ Anticipate beginning construction mid-2026 • Wanapum Left Embankment Seismic Risk Analysis – \$9M <ul style="list-style-type: none"> ○ Fragility Analysis Report being peer-reviewed, anticipated completion March 2025 ○ Risk Analysis – April 2025 ○ Dam Safety Case – November 2025 • Wanapum Left Embankment Internal Erosion Evaluation – \$860k <ul style="list-style-type: none"> ○ Risk-informed Investigation and Instrumentation Approach Report being reviewed ○ Settlement modeling • Wanapum Right Embankment Drilling Program Plan – \$110k

	<ul style="list-style-type: none"> ○ Supporting seismic stability analyses ○ Anticipated completion December 2026 (with drilling in 2028) ● Wanapum 2026 Part 12D Periodic Inspection – \$250k <ul style="list-style-type: none"> ○ Anticipate beginning mid-2025
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LONGER-TERM PROJECTS

Roadmap	<ul style="list-style-type: none"> ● Priest Rapids and Wanapum spillway gate upgrades ● Wanapum left embankment seismic and internal erosion mitigation ● Wanapum right embankment drilling
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COMMISSION SUPPORT: KEY ASKS

Specific Requests	<ul style="list-style-type: none"> ● Two contracts for Priest Rapids left embankment drilling coming soon for approval. ● Discuss acceptable risk after Wanapum left embankment seismic risk analysis is complete.
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