Department Purpose and Goal

Purpose: Provide safe, secure, economical, reliable and compliant power generation under the Priest Rapid Project Federal Energy Regulatory Commission (FERC) License Project No. 2114 while supporting the Wanapum relationship.

Goal: Execute the aforementioned tasks while championing a culture of safety and operational excellence with continuous focus on the guiding values of safety, innovation, service, teamwork, respect, integrity, and heritage.
Acronym List

- PP – Power Production
- HPI – Human Performance Improvement
- PRREIP – Priest Rapids Right Embankment Improvement Project
- JHA – Job Hazard Analysis
- WMC – Wanapum Maintenance Center
- WWC – Work Week Coordinator
2020 Q1 Review

- Safety Update
- Plant Performance
- Budget Review
- Schedule Adherence / Maintenance Health
- Maximo Update
- Capital Projects
- Strategy Deployment
- Personnel
- Q2 Forecast
Safety Update

Safety Meeting Attendance

Job Site Reviews

Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec

Target Actual

Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec
Safety Update

• Q1 Recordable incidents: 0
• Q4 Vehicle incidents: 1
• COVID-19 Response
  • Employees working remotely: 114 (some partially)
  • Employees on administrative leave: 145 (some partially)
  • Protocols for work in the field
    • Reduce on-site work to only critical & necessary
    • Protect operations staff
    • Plan for incident worst case
## 2019 Budget Performance

<table>
<thead>
<tr>
<th>2019</th>
<th>Budget</th>
<th>Actuals as of 12/31/2019</th>
<th>Budget Remaining</th>
<th>% of Budget Spent</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAP</td>
<td>$25,609,386</td>
<td>$19,396,093</td>
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<tr>
<td>O&amp;M</td>
<td>$23,189,755</td>
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<td>$2,995,934</td>
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<tr>
<td>Labor</td>
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<td>$26,757,974</td>
<td>$383,284</td>
<td>101.45%</td>
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<td>TOTAL</td>
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<td>$66,347,888</td>
<td>$9,592,511</td>
<td>88.26%</td>
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## 2020 Budget Performance

<table>
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<th>2020</th>
<th>Budget</th>
<th>Actuals as of 3/25/2020</th>
<th>Budget Remaining</th>
<th>% of Budget Spent</th>
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<tbody>
<tr>
<td>CAP *</td>
<td>$40,827,061</td>
<td>$1,676,249</td>
<td>$39,150,812</td>
<td>4.11%</td>
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<tr>
<td>O&amp;M</td>
<td>$23,544,240</td>
<td>$2,859,031</td>
<td>$20,685,209</td>
<td>12.14%</td>
<td></td>
</tr>
<tr>
<td>Labor &amp; Benefits *</td>
<td>$38,859,522</td>
<td>($38,859,522)</td>
<td></td>
<td>0.00%</td>
<td></td>
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<tr>
<td>TOTAL</td>
<td>$103,230,823</td>
<td>$4,535,280</td>
<td>$20,976,499</td>
<td>4.39%</td>
<td></td>
</tr>
</tbody>
</table>
Schedule Adherence

- 1077 WO
- PR process changes drive stability
- Effects of COVID-19 restrictions

Challenges
- Scheduling work remotely
- Carving most critical work out of the pile
Maintenance Health (PR)

COVID-19 Effects
- Less work being done
- More break in work
- Difficulties in scheduling work highlight scheduling needs
Maximo Update

- Maintenance Health – slowed
- Scheduling Software – slowed
  - Resource loaded schedules
  - Starting in engineering, then moving to other groups
- Planning – slowed
  - Maximo version upgrade
  - Inventory upgrades
Capital Project Update

• Priest Rapids Right Embankment Improvement Project
  • Construction cost: $33.4M
  • Planned start: 4/1
  • Actual start: 6/1 – 7/1 – delays due to final permitting; permission to access Yakima Training Center
  • IMCO Cooperation
• Wanapum Unit Upgrades & PR Unit Rehab
  • Some delays – COVID-19 work adjustments
  • Evaluating schedule on other capital projects
Strategy Deployment: 2020 Goals

• Safety
  • Goal: Improve quality in hazard recognition
  • Status: Current state partially understood – slowed

• Compliance
  • Goal: Develop method to measure compliance health
  • Status: Some ideas generated - slowed

• Operational Performance
  • Goal: Develop & use resource loaded schedules
  • Status: Software operational, testing started - slowed

• Organizational Health
  • Goal: Improve communication vertically & horizontally in PP
  • Status: Some gaps and methods identified - slowed
Personnel

- Plant Manager
  - Tony Hardenbrook coming up to speed at Wanapum
  - Craig Marian left position at PR
  - Ben Pearson placed – interim Plant Manager
  - Mindy Johnston placed – interim Operations Supervisor
- Priest Rapids Maintenance Supervisor – Joseph Boitano
- Maintenance Center resource plan
  - Use of Maintenance Center resources after last Wanapum upgrade – delayed due to COVID-19
Q2 Forecast

• Continue efforts at managing COVID-19 effects
• Reschedule/Adjust:
  • Strategy Deployment work
  • WMC Crew work changes
• Improve:
  • Ability to schedule work by criticality
  • Emergency preparedness
Powering our way of life.
Strategic Objective #2: Design and sustain an engaging & fulfilling Grant PUD culture.

Workplace culture is the infrastructure that guides how we function. We recognize that business outcomes such as safety, compliance, financial results, operational excellence—all hinge on a healthy workplace culture that is supportive of people. As such, we continuously design our culture in a manner that ensures every role has purpose and every employee has value. We make meaningful investments in our workforce, encourage transparent and authentic communication, and engage with our teammates from a place of respect and empathy.

Strategies to drive toward improvements in culture, org health, engagement, morale:
- Recruit, develop and retain a best-in-class workforce
- Translate organizational values into actionable behaviors
- Deliver a rigorous onboarding experience
- Sponsor a vibrant employee association
- Establish a deliberate, continuous learning strategy aligned to business outcomes
- Implement the ADDIE instructional systems design framework for training
- Articulate and reinforce our desired leadership culture
- Deliver industry-leading educational reimbursement programs

Key Metrics:
- Organizational Health Index
- Employee Engagement Assessment
- Educational Reimbursement Target
- Training Effectiveness Assessment
OBJECTIVE 2

DESIGN AND SUSTAIN AN ENGAGING & FULFILLING GRANT PUD CULTURE

Workplace culture is the infrastructure that guides how we function. Business outcomes, such as safety, compliance, financial results, and operational excellence, all hinge on a healthy workplace culture that supports people. We continuously design our culture so every role has purpose and every employee has value. We make meaningful investments in our workforce. We encourage transparent and authentic communication, and engage our teammates with respect and empathy.

STRATEGIES

• Recruit, develop and retain a best-in-class workforce
• Translate organizational values into actionable behaviors
• Deliver a rigorous onboarding experience
• Sponsor a vibrant employee association
• Establish a deliberate, continuous learning strategy aligned to business outcomes
• Implement the ADDIE instructional systems design framework for training
• Articulate and reinforce our desired leadership culture
• Deliver industry-leading educational reimbursement programs

KEY METRICS

• Organizational Health Index
• Employee Engagement Assessment
• Educational Reimbursement Target
• Training Effectiveness Assessment
Departmental Purpose and Goal

• Lands & Recreation manages Priest Rapids Project lands and recreation facilities, and provides company-wide real estate and geographic information system (GIS) services in alignment with Grant PUD’s safety, financial, and compliance goals.
Q1 Business Review

• Safety
  • Recordable incidents = 0
  • Non-recordable incidents = 0
  • Safety meeting attendance = 100%
  • Job Briefs = 8
  • Job Site Reviews = 1

• Regulatory Review
  • FERC filings by Grant PUD = 2
  • Submitted on time = 2
  • FERC approvals/orders/notices = 3
  • Summary/listing of major filings:
    • GPUD submittal of Shoreline Management Plan exhibits
    • GPUD notification of recreation closures
    • FERC approval of Quilomene Yacht Club Marina request to moor additional vessels
    • FERC approval of Shoreline Management Plan
    • FERC denial of P. Kelleher request for SMP rehearing
Q1 Business Activities

• COVID-19 activities
  • Protocols prioritize employee and public safety
  • March 16 closure of Wanapum Heritage Center, Wanapum Visitors Center, and all campgrounds
  • Cancellation of special events through April 27
  • March 26 closure of all recreation facilities in response to WA state’s “Stay Home – Stay Healthy” order, consistent with WDFW, WSPRC, WDNR closures
  • Vegetation management activities delayed
  • LRM crews conduct regular site visits to identify safety and vandalism issues
  • Closures communicated with adjacent communities
Q1 Business Activities

- Public Recreation Development Plans updated
- Finalized Columbia Cliffs Land-Use Authorization and PRDP
- Property management support – customer connections, PR Right Embankment, Red Rock 115kV, fiber build-out, office/storage space, etc.
- GIS support – Dam Safety field data collection, Priest Rapids Right Embankment mapping, Wholesale Fiber mapping and analysis, Fish & Wildlife mapping
Q2 Forecast

• Planning for recreation season 2020 during time of uncertainty

• Requesting to delay visitor surveys to 2021

• Complete revisions to SMP Procedures & Standards

• Ensure business continuity by focusing real estate/GIS support on prioritized Power Production/Power Delivery projects
Q2 Forecast

• Implement capital construction projects once COVID-19 restrictions are lifted
  • Crescent Bar office trailer replacement
  • 2018 fire damage Buckshot rebuild
  • Priest Rapids Rec Area dredging and erosion control
  • Wanapum Upper Boat Launch float replacement
Q2 Forecast

• Safety Goals
  • Non-recordable incidents = 0
  • Recordable incidents = 0
  • Safety meeting attendance = 100%

• Regulatory Outlook
  • Anticipated FERC filings = 2
  • Anticipated FERC approvals = 1
  Any regulatory threats or risks = none known/anticipated
YTD budget-to-actuals (partial, through 3/20/20)

<table>
<thead>
<tr>
<th></th>
<th>Budget</th>
<th>Actuals as of 03/20/20</th>
<th>Budget Remaining</th>
<th>% of Budget Spent</th>
<th>Q4 YEP</th>
<th>% Budget to YEP</th>
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<tr>
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<td>$18,488</td>
<td>$1,027,192</td>
<td>1.77%</td>
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<td>100.00%</td>
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<tr>
<td>O&amp;M</td>
<td>$2,154,112</td>
<td>$280,786</td>
<td>$1,873,326</td>
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<td>$2,154,112</td>
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<td>Labor</td>
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<td>$2,063,422</td>
<td>0.00%</td>
<td>$1,985,422</td>
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<tr>
<td>TOTAL</td>
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<td>$299,274</td>
<td>$4,963,940</td>
<td>5.69%</td>
<td>$5,185,214</td>
<td>98.52%</td>
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</table>
Questions?
Enterprise Risk Management Update

April 14, 2020

Powering our way of life.
Brianna St. Marie – Risk Analyst

- After serving five years as an intelligence analyst in the United States Marine Corps, Brianna St. Marie graduated from Central Washington University with a BS in Economics and a specialization in business forecasting.
- Brianna worked as a Fiscal Analyst at CWU following graduation and current resides in Ellensburg with her husband.
- Brianna is working to complete her master’s degree in Business Intelligence and Analytics and is excited to be the newest Risk Analyst for Enterprise Risk Management.
New Employees

• Bryndon Ecklund – Quantitative Analyst (developing)
  • Bryndon Ecklund has been a certified public accountant for 4 years. Bryndon began his career in accounting at KPMG. From there, he worked 5 years at the Office of the Washington State Auditor on their Technical Support and Quality Assurance team.
  • Bryndon has been working with the District for the past 8 months performing Financial Reporting. He has extensive internal controls experience in auditing of financial statements, performing risk assessment, identifying design and operating deficiencies, and understanding of underlying business processes. His attention to detail, as well as his strong computational skills, ensures that he handles large amounts of data with ease and accuracy.
  • Bryndon holds a Bachelor’s in Business Administration with an Accountancy emphasis and a Masters of Professional Accounting from Seattle University. Bryndon is a native of Washington State and moved from the westside to Grant County with his wife and two daughters. He volunteers as a high school baseball coach and enjoys photography, crafts, and playing games with his family.
Team Structure

Enterprise Risk Management Team
(Paul Dietz)

- Damage to District Claims Management (Tina Sisich)
- Insurance & Project Risk Management (Brianna St. Marie)
- Operational Risk Management (Leah Knopp)
- Quantitative Risk Management (Bryndon Ecklund)
COVID-19 Modeling

- Extensive ongoing modeling has been occurring since March 6th and will continue as the crisis evolves
- Participation in Incident Management Team
- Participation in Systems Analysis Task Force
- Participation in Business Continuity Team
- Developing processes for tracking FEMA related costs
- Reviewing the effects of COVID-19 on expected GCPUD retail loads
COVID-19 Modeling (Continued)

<table>
<thead>
<tr>
<th>Incubation Time</th>
<th>Round</th>
<th>Quincy</th>
<th>Mattawa</th>
<th>Ephrata</th>
<th>Moses Lake</th>
<th>Royal City</th>
<th>Soap Lake</th>
<th>Grant County Exposure Event</th>
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<tr>
<td>3/16/2020</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
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<tr>
<td>3/19/2020</td>
<td>1</td>
<td>5</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
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<tr>
<td>3/21/2020</td>
<td>1</td>
<td>12</td>
<td>1</td>
<td>4</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
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<tr>
<td>3/27/2020</td>
<td>1</td>
<td>25</td>
<td>1</td>
<td>8</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
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<tr>
<td>3/29/2020</td>
<td>1</td>
<td>32</td>
<td>1</td>
<td>9</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
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</tbody>
</table>

Note: The table shows the number of cases in each location and round. The Grant County Exposure Event column indicates the spread of the infection across different locations.
Insurance Update

• Central Ephrata Substation - claim is complete, reimbursement received in the amount of $4.25mm as of January
• Property Loss Control - site visit rescheduled from May until later this fall
• Cyber Insurance – call scheduled April 6th with Broker to review quotes and limits
• Liability Insurance – call scheduled April 15th with Broker and AEIGS to meet new underwriter and review current Liability recommendations
• 2020-2021 Insurance Renewal – Risk will begin planning and data collection towards the end of Q2
Energy Risk Management Policy Update

• The updated policy benefits the District by providing staff with the tools necessary to more effectively manage GCPUD’s wholesale risks. The most relevant changes include modernizing GCPUD’s risk management processes and controls to improve and expand our ability to communicate and manage our wholesale risks.

• The consequences of not updating the policy inevitably are higher than necessary wholesale revenue volatility which reduces our ability to provide stable and predictable rates. Additionally, GCPUD will not gain the improvements in its ability to manage portfolio risks mentioned above.

• This update is needed now because market uncertainty is increasing and our wholesale trading staff needs the ability to trade more relevant products such as financial energy, ancillary energy services, and carbon attributes among others.

• Periodic updating of Energy Risk Management policies is routine in utilities who support active wholesale trading like GCPUD. Such updates allow GCPUD to make the kinds of adjustments necessary to support its activities during periods of significant market and regulatory change.
Path Forward

• On-boarding and training new employees
• Stand-up of the Front – Mid – Back Office Risk Management model
  • Provides key policies and risk controls
  • Delineates roles and responsibilities
• Develop Operational Risk Management capabilities
  • Develop cascading risk model
  • Create operational risk register
• Implement Energy Risk Management Policy
  • Create Critical Input and Assumption Roster (CIAR)
  • Implement Risk Reporting
GCPUD ERM: Budget March

The Risk Department budget is dominated by insurance premiums
Based on March 2020 Actuals

<table>
<thead>
<tr>
<th></th>
<th>2020 Budget</th>
<th>Q1 Budget</th>
<th>Q1 Actuals</th>
<th>Variance Fav/(Unfav)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enterprise Risk</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>O&amp;M Directs</td>
<td>37,300</td>
<td>9,325</td>
<td>4,688</td>
<td>32,612</td>
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<td>Insurance Risk</td>
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<td></td>
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<tr>
<td>O&amp;M Directs</td>
<td>2,283,750</td>
<td>570,938</td>
<td>639,832</td>
<td>1,643,918</td>
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<td>2,321,050</td>
<td>580,263</td>
<td>644,520</td>
<td>1,676,530</td>
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</table>

<table>
<thead>
<tr>
<th></th>
<th>2020 Budget</th>
<th>Q1 Budget</th>
<th>Q1 Actuals</th>
<th>Variance Fav/(Unfav)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enterprise Risk</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Labor</td>
<td>165,012</td>
<td>37,041</td>
<td>28,184</td>
<td>136,828</td>
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<tr>
<td>Insurance Risk</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Labor</td>
<td>214,339</td>
<td>50,965</td>
<td>27,006</td>
<td>187,333</td>
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<tr>
<td>Total</td>
<td>379,351</td>
<td>88,006</td>
<td>55,190</td>
<td>324,161</td>
</tr>
</tbody>
</table>
Powering our way of life.
Reliability Compliance
April 14, 2020

Gene Austin
Compliance Manager

Powering our way of life.
Reliability Compliance Program

NERC Audit Readiness – August 2020
COVID-19  NERC Response

FERC/ NERC/ WECC— Industry Guidance

…the Regulator said it “will use its discretion…(and) consider the impact of the coronavirus outbreak in the Entity’s ability to comply with Reliability Standards.”

1) The effects of the coronavirus will be considered an acceptable basis for non-compliance with obtaining and maintaining personnel certification…

2) The effects of the coronavirus will be considered an acceptable reason for case-by-case non-compliance with Reliability Standard requirements involving periodic actions…

3) Regional Entities will postpone on-site audits, certifications and other on-site activities at least until July 31, 2020.
NERC Audit Schedule

9/1/2019 - 8/31/2020

- 10/1/2019: New Year's Day
- 11/1/2019: 'RC West' Services
- 3/2/2020: Self-Certification
- 5/10/2020: Audit Notice
- 6/15/2020: Final Audit Docs to GDS for Review
- 7/10/2020: Submit Audit Docs to WECC
- 8/10/2020 - 8/21/2020: NERC Audit

Low Impact BES Cyber Systems Compliance CIP-003-7

9/2/2019 - 1/1/2020
- CIP Procedure Rewrite & Other Program Enhancements

1/1/2020
- Commission Update

3/5/2020: Inherent Risk Assessment

3/1/2020 - 3/4/2020
- GDS On-site for Sufficiency Review and Interviews

3/2/2020
- Self-Certification

5/18/2020 - 5/22/2020
- GDS On-site for Internal Controls Review

6/1/2020
- NERC Audit Readiness

5/10/2020
- NERC Audit Readiness

4/14/2020
- Commission Update

2/5/2020 - 7/10/2020
- NERC Audit Readiness

7/20/2020 - 7/24/2020
- GDS On-site for Audit Interview Training
TOP-50 Risk Assessment

T-50 Reqm’ts Audit Scope
- Critical Infrastructure Protection
- Operations & Planning

- Most Violated Stds/ Reqmts NA
- Inherent Risk Assessment
- GCPD History; Violations, ICP
- NERC Registrations
- Regional Characteristics
Gap Analysis/ Interviews/ Inspections

4 GDS’ Consultants 4 days

On-site March 2\textsuperscript{nd} – 5\textsuperscript{th}

– Reviewed Doc/ Evidence 80 Requirements (ahead)
– Interviewed all SMEs O&P and CIP
– Interviewed Power Plant Operators, Line Supervisor
– Interviewed Managers & Supervisors
– Site Inspections: Dispatch Opns, Data Center, WSY, WAN Control Room, WAN Ovation Control Room
## GDS Associates - Feedback

<table>
<thead>
<tr>
<th>Findings</th>
<th>Requirements</th>
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</thead>
<tbody>
<tr>
<td>Possible Non-Compliance (PNC)</td>
<td>7</td>
</tr>
<tr>
<td>Areas of Concern</td>
<td>5</td>
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<tr>
<td>Process Improvement Recommendations</td>
<td>18</td>
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<tr>
<td>No Findings</td>
<td>41</td>
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<tr>
<td>Pending</td>
<td>17</td>
</tr>
<tr>
<td>Not Applicable</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total Requirements Reviewed</strong></td>
<td><strong>92</strong></td>
</tr>
</tbody>
</table>
Potential Non-Compliance Violations

Self-Reported PNCs are:
- 1 of 8 means of Violation Discovery

Open PNC’s – 11 → 9 → 18
- (2) Audit PNCs – 2017 (Closed)
- (1) Self-Report – 2018 (1 Pending Enforcement)
- (10) Self-Report – 2019 (6 Pending Enforcement)
- (7) Self-Report – 2020 (Submittal In-process)
NERC Audit Prep – Key Dates 2020

Initial Doc/ Evidence/ RSAWs: February 14th
Self-Certification (Annual): February 28th
Inherent Risk Assessment: March 5th
GDS Associates on-site: March 2nd – 6th
Internal Controls: May 18th – 22nd
SME Training: July 20th – 24th
Final Docs to WECC: July 10th
Data Requests Begin: July 10th
Off-site Audit: August 10th – 14th
On-site Audit: August 17th – 21st
# Reliability Compliance

## Budget to Actual

<table>
<thead>
<tr>
<th>Compliance Cost Center - FF3000</th>
<th>2020 Budget</th>
<th>Q1 Budget</th>
<th>Q1 Actual</th>
<th>Variance Fav/(Unfav)</th>
</tr>
</thead>
<tbody>
<tr>
<td>O&amp;M Directs</td>
<td>$132,400</td>
<td>$31,850</td>
<td>$12,408</td>
<td>$119,992</td>
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<td>Labor</td>
<td>$521,243</td>
<td>$119,617</td>
<td>$73,907</td>
<td>$447,336</td>
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<td>$151,467</td>
<td>$86,315</td>
<td>$567,328</td>
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