

Enterprise Risk Management Update

October 12, 2021



Powering our way of life.

ERM Q3 Accomplishments

- Successful development of Enterprise Risk Management Committee's (ERMC) determination of Risk Framework, Risk Tolerance and Risk Appetite.
- Establishment of Risk Tolerance and Risk Appetite by ERMC
- ERM Program presentations in CXO Direct Report Staff Meetings
- Supported the transition of Brianna St. Marie to Power Production Asset Management team and of Leah Knopp to the Project Management team.

ERM Q4 Development Plan

- On boarding and training of new Risk Analysts following recent transfers
- Continued work on rolling-out our Business Unit-level ERM program
- Continuation of Risk Register updating and augmentation efforts
- Development of Risk Maturity Assessment plan
- Completion of 2021-22 insurance renewals
- Continuation of Small Modular Reactor risk assessments and modeling

Enterprise Risk Management Committee Actions

Percipio Consulting Group has worked closely with the Enterprise Risk Management Committee (ERMC) to develop the cornerstone of our enterprise risk management program.

This included:

- Review of the ERM framework, governance, critical design elements and implementation status
- A series of 8 workshops focused on providing:
 - Common terminology that can be used throughout the risk organization
 - Reviewing the role of the ERMC in the ERM process
 - Defining the risk universe and identifying all risks at a consolidated level that could have impact to the organization
 - Defining likelihood and significance scales with specific impact levels
 - Conducting an executive risk assessment ranking each risk in the risk universe utilizing the likelihood and significance scales
 - Reviewing mitigations currently in place for the identified risks as well as the residual risk after mitigations are factored
 - Discussed the concepts of risk appetite and risk tolerance and how they pertain to the overall risk environment as well as individual risks
 - Discussed and defined Key Risk Indicators (KRIs) and how they are used to identify and manage risk in the organization

Risk Assessment - Likelihood



Likelihood Definition - The possibility of a potential risk occurring measured in qualitative values such as low, medium, and high. This measure can be enhanced with additional data, such as past occurrences, risk models, etc. to provide a more specific probability of occurrence.

Grant PUD Likelihood Scale	
Very Unlikely	Virtually no chance it will happen in the next 5 years
Unlikely	Not likely to happen in the next 5 years
Possible	Somewhat likely to happen in the next 5 years
Likely	Will probably happen in the next 5 years
Highly Likely	Almost certain to occur in the next 5 years.

For the ERM risk assessment, the likelihood scores are based on past experience and the viewpoint of the ERM. In the future as more data is available, this score will include other measures with the goal of becoming a more specific probability.

Risk Assessment - Significance



Significance – The impact to the organization of a risk event occurring. Significance scales should include multiple types of measurement. For example, financial impact, environmental impact, reputational impact, and legal impact to name a few.

Grant PUD Significance Scale				
Significance Scale	Revenue Impact	Health and Safety	Reputation	Legal
Not Significant	<\$500K	No medical treatment required	Minor, adverse local public attention or complaints	Minor legal issues, non-compliance and breaches or regulation.
Slightly Significant	\$500K - \$2.5M	Requires hospitalization but no irreversible disability	Attention from media and/or heightened concern by local community	
Moderately Significant	\$2.5M - \$30M	Moderate disability or impairment to one or more persons	Significant adverse national media/public/NGO attention	Serious breach of regulation with investigation or report to authority and/or moderate fine possible
Highly Significant	\$30M - \$100M	Single Fatality and/or severe irreversible disability to one or more persons	Serious public or media outcry, loss of customer/investor confidence	Major breach of regulation or major litigation
Extremely Significant	Greater than \$100M	Multiple fatalities or significant irreversible effects to >5 persons.	Complete loss of public, customer, and/or investor confidence	Significant prosecution and fines. Very serious litigation including class action.

Risk Assessment - Results



Inherent Risk – The risk that exists before any mitigating factors or controls have been put in place.

Residual Risk – The portion of risk that exists after mitigating factors and controls have been put in place. Residual risk most commonly changes the likelihood of a risk event occurring. It does not typically change the impact of the risk event should it occur.

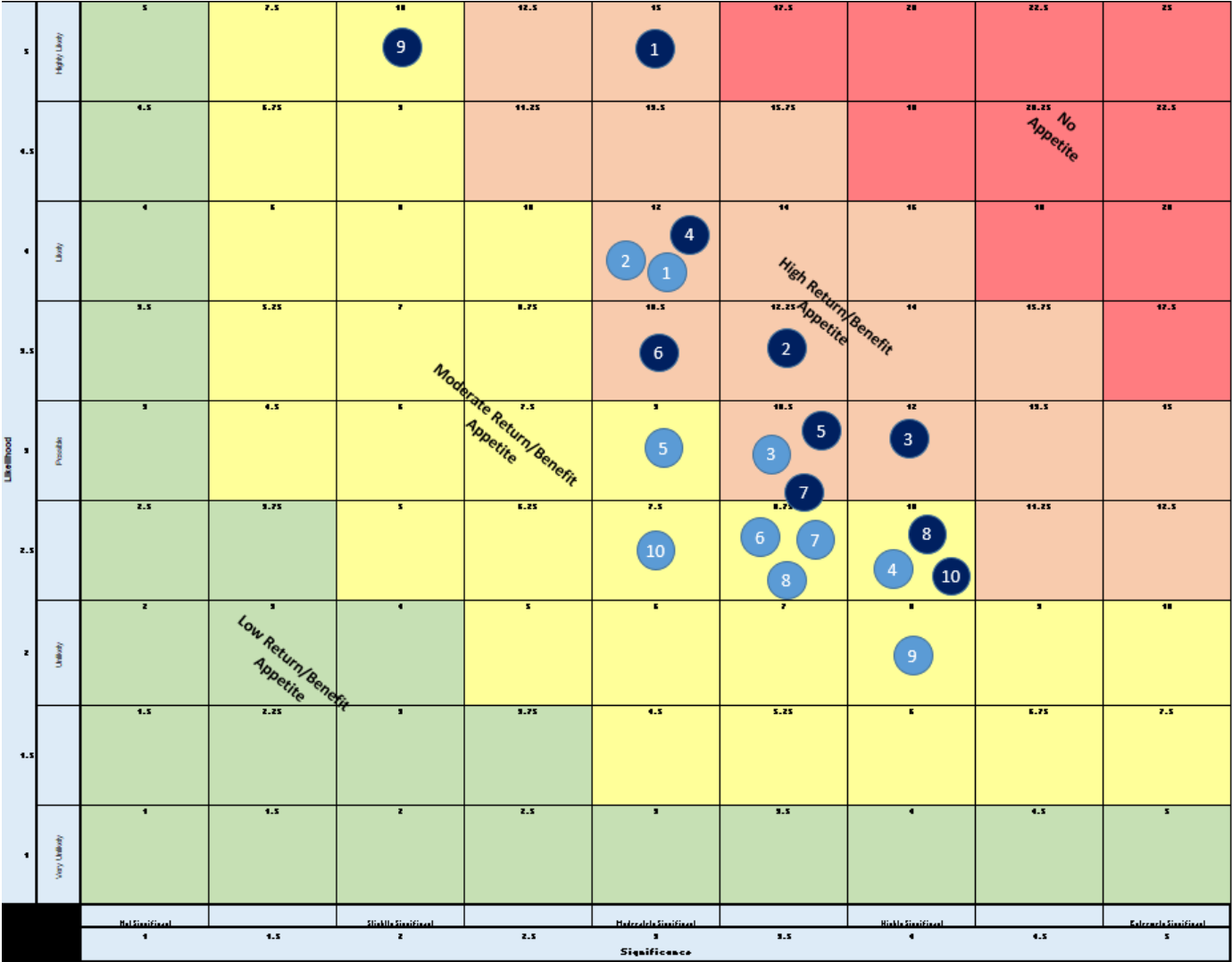
Inherent Total Score

1. Commodity Price Risk (15)
2. Human Capital Risk (12.25)
3. Business Interruption Risk (12)
4. Capital Markets Risk (12)
5. Cybersecurity Risk (10.5)
6. Commission Governance Risk (10.5)
7. Small Modular Reactor (SMR) Risk (10)
8. Customer Technology Obsolescence Risk (10)
9. NERC CIP Compliance Risk (10)
10. Health and Safety Risk (10)

Residual Total Score

1. Capital Markets Risk (12)
2. Commodity Price Risk (12)
3. Human Capital Risk (10.5)
4. Customer Technology Obsolescence Risk (10)
5. Commission Governance Risk (9)
6. Business Interruption Risk (8.75)
7. Cyber Security Risk (8.75)
8. Small Modular Reactor (SMR) Risk (8.5)
9. Health And Safety Risk (8)
10. Strategic Planning Risk (8)

Risk Assessment – Heat Map



Key	
	Inherent Risk
	Residual Risk

Next Steps

1. Utilizing the framework and risk universe from the ERM sessions, map existing department level risks and identify gaps in existing departmental risk universe.
2. Conduct risk assessments at the departmental level and compare to the consolidated executive risk assessment.
3. Refine the districts risk appetite based on level of risk that is acceptable to achieve strategic goals. The higher the risk, the greater the required upside.
4. Keeping in mind risk appetite, develop risk tolerance for each risk in coordination with the risk owners and subject matter experts.
5. Implement Key Risk Indicators for the top 5 to 10 key risks and monitor for advanced notification of changes to the risk level.
6. Refresh the risk assessment at least annually or as the risk profile of the organization changes.

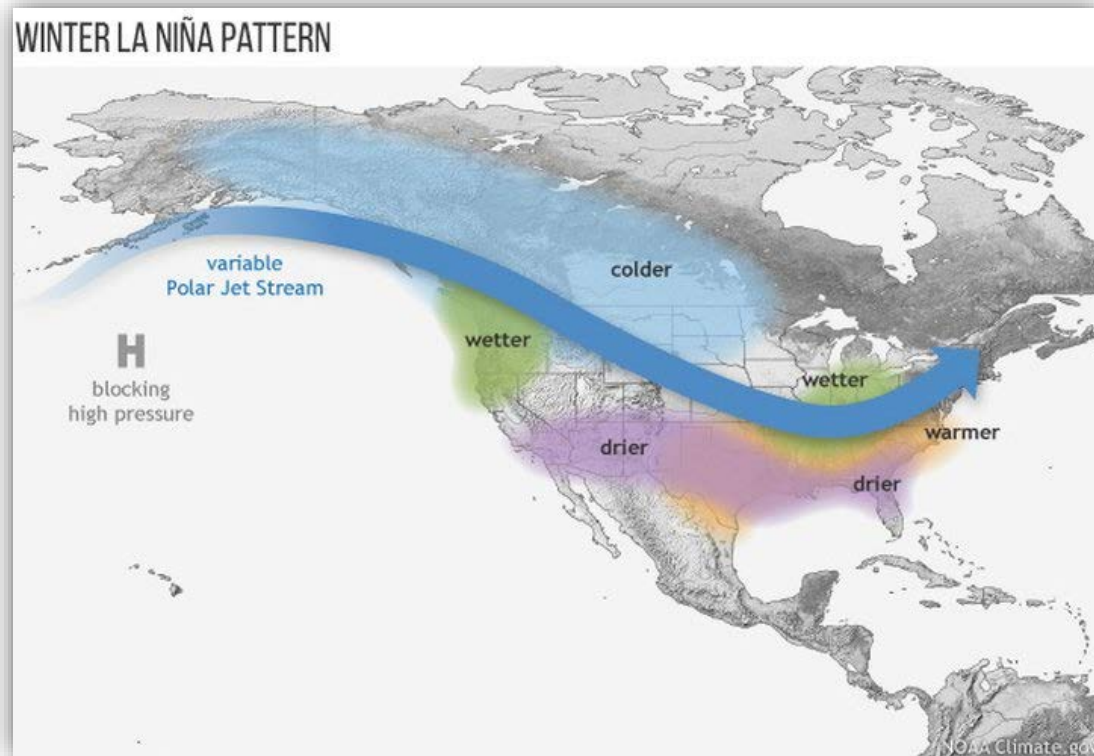
Energy Portfolio

Front – Mid – Back Office

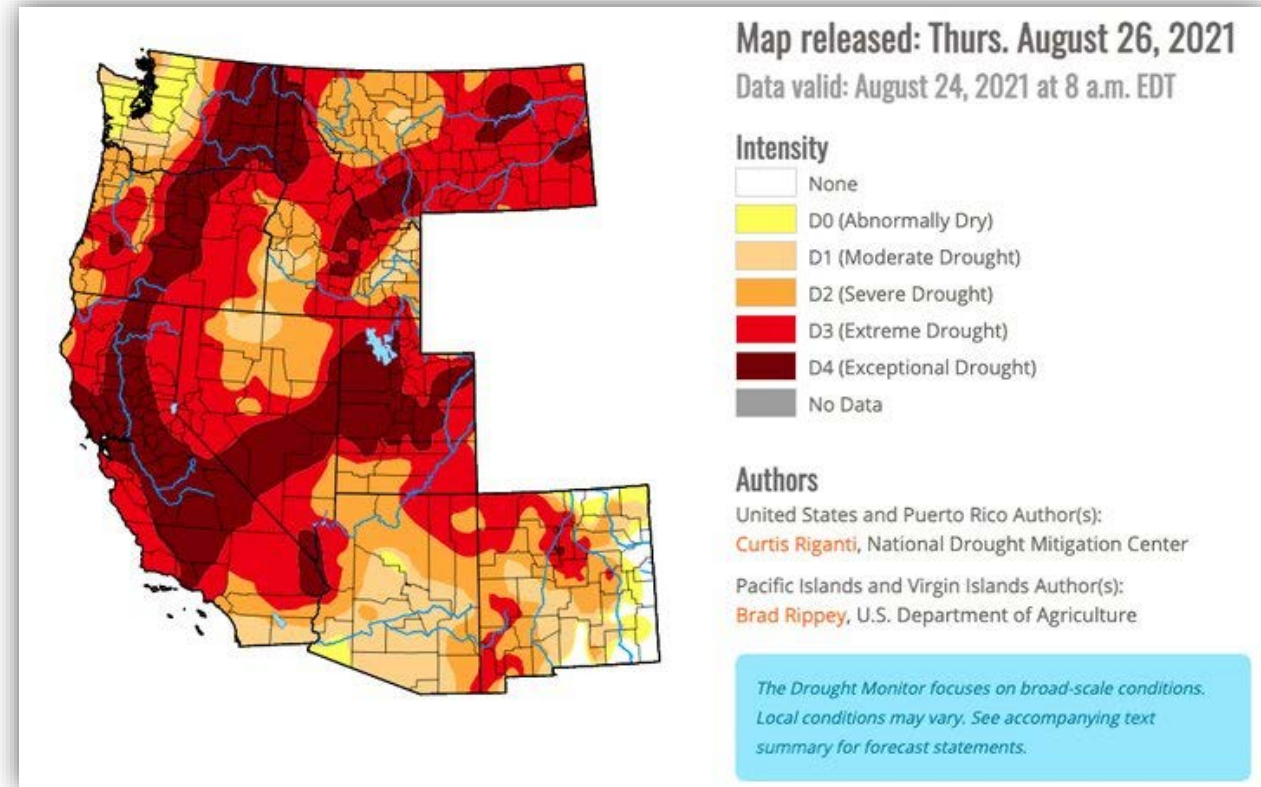


Energy Risk Management

- **La Nina** - NOAA predicts the weather pattern has the potential for heavy rainfall across Pacific Northwest throughout the 2021-22 winter season (through January 2022).



The winter La Niña weather pattern. | NOAA



Current drought conditions across the Western United States. | National Drought Mitigation Center

Mid-Office Update Market & Portfolio Risk

Market Portfolio and Risk Model Valuation

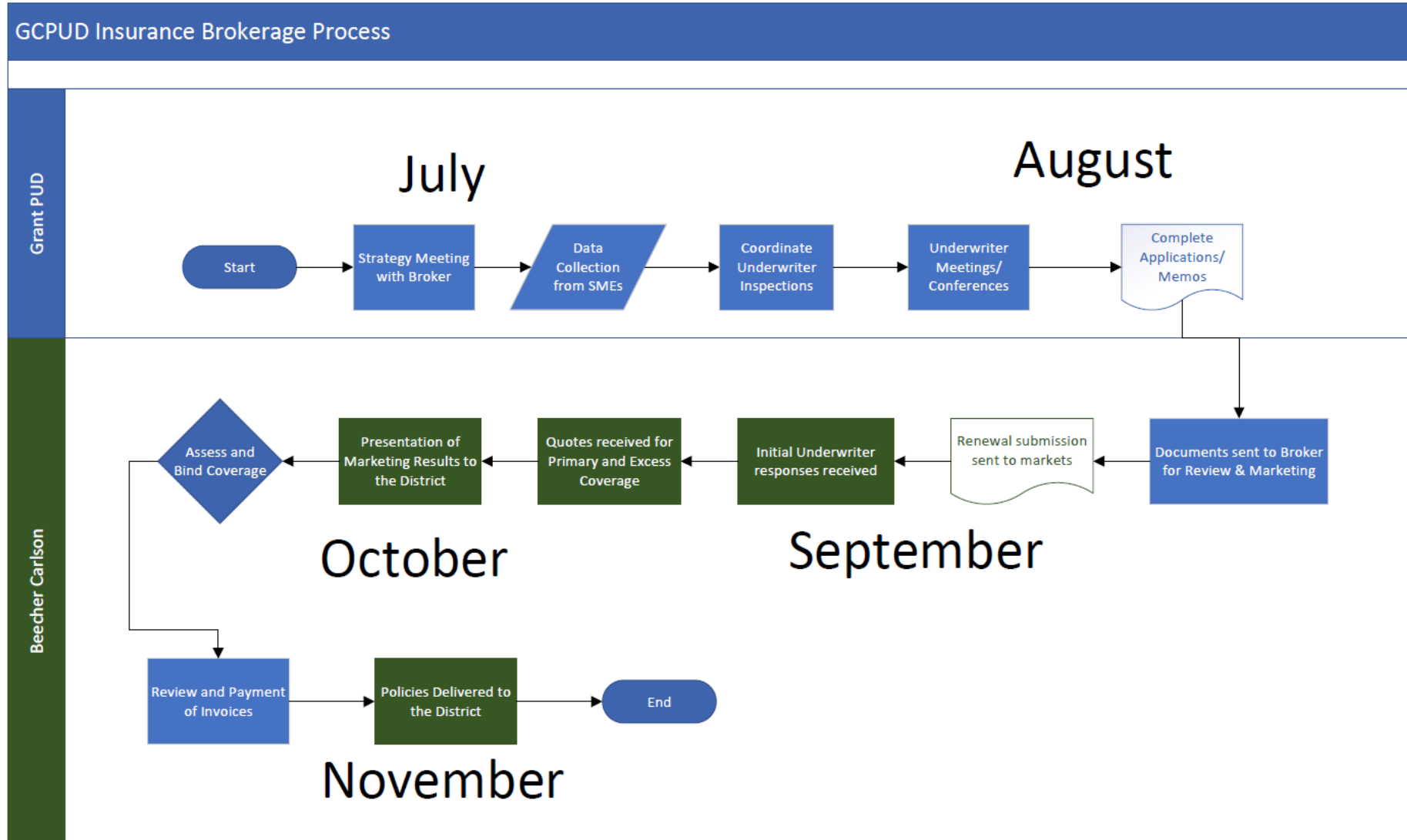
- Avangrid 10% Slice Contract finalized in Q3.
- Coordinated effort to incorporate the use of Financial Trades to manage Energy Portfolio.
- Review of Pre-qualification applications for the upcoming Power Auction has begun.
- Continued improvement of Market and Portfolio Risk Model reporting capabilities to meet needs of key stakeholders.

Insurance Update

2022 Insurance Renewal

- The Insurance market continues to see historic claim-driven losses which is translating to increased premium rates. Current 2022 premiums are estimated to increase by 22.8% from last year due largely to increases in excess liability and property insurance cost increases.
- Additionally, our recommended excess liability insurer for 2022 and current excess liability insurer (AEGIS) would require significant industry related surcharges.

Insurance Renewal Process





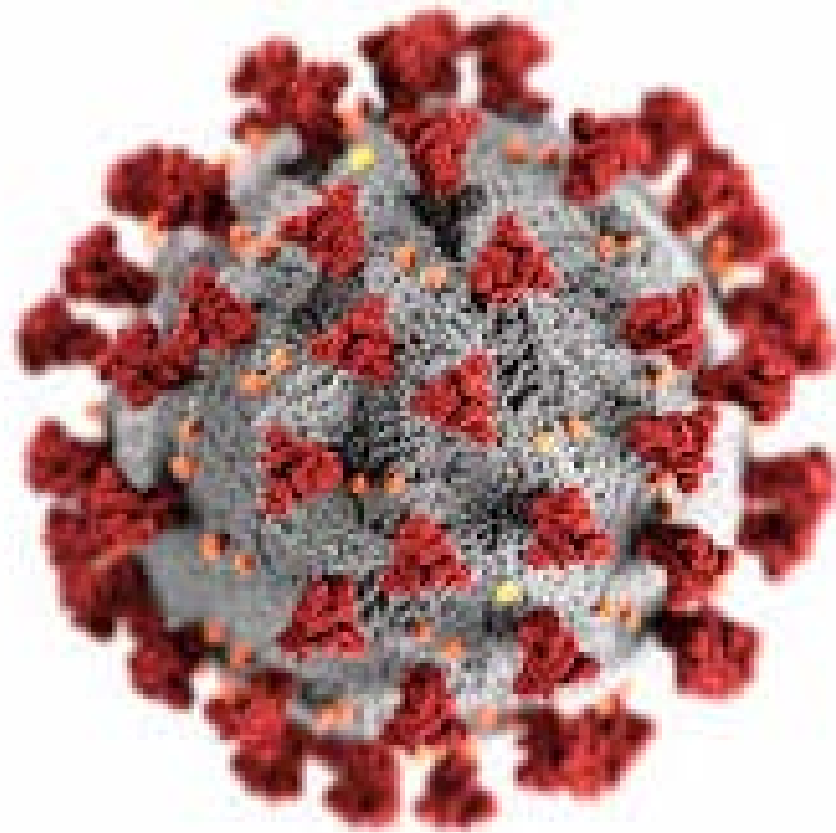
Commission Memo

- The 2021-22 insurance renewal memo has been will be provided under separate cover and will be included in the next Commission meeting's packet. This memo will provide the specifics regarding the insurance coverages and premiums we are recommending for the 2021-22 season. Some minor updates may occur.
- We will be requesting the Commission's approval of our finalized insurance portfolio via memo during the 2nd meeting in October.



Small Modular Reactor Development & Support

- Our exploratory teams have continued to be very active during Q3
- Significant data gathering and analysis continues in Engineering, Risk, Finance, and Marketing areas
- Several presentations have occurred during Q3 including our presentation to the Commission during its Strategic Planning Work Shop at HOB, the 2021 Mid-C Seminar, the 2021 Pacific NW Utilities Conference Committee (PNUCC) meeting, and several local meetings with city officials, Rotarian clubs, etc.
- Site visits have occurred at Energy Northwest's offices, during site tours of Grant County, facility tours at NuScale in Corvallis, OR, and many more via Teams meetings.
- Much more work is expected to occur during Q4.



COVID-19 Modeling

- Extensive ongoing modeling has been occurring since March 6th 2020 and will continue as the crisis evolves
- Participation in Incident Management Team and Executive Briefing Team
- Providing modeling for testing and vaccine effectiveness in reducing transmission risk
- 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 financial results

Grant
PUD

Budget Versus Actuals

FF1 - RAC Enterprise Risk Mgt QBR Year-to-Date August, 2021

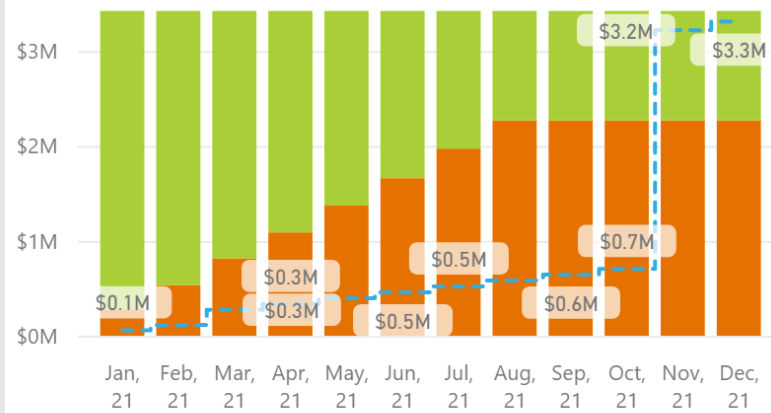
Operating Unit

FF - Risk Audit Compl

Department

FF1 - RAC Enterprise Ris... ▼

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

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


Gross Actuals Vs. Budget

\$2.3M +289.6%



Capital Labor Actuals Vs. Budget

\$72 -99.6%



Net Actuals Vs. Budget

\$2.3M +301.6%



Budget vs Actuals (Including Cap Labor)

Cost Category Type/Cost Category	Budgeted	Actuals	Budget Var	Budget Var %	Consumed %
Labor	\$451,508	\$453,386	\$1,878	0.4%	100.4%
Salaries & Wages	\$291,345	\$293,798	\$2,453	0.8%	100.8%
Benefits	\$157,631	\$156,862	-\$769	-0.5%	99.5%
Other Labor	\$2,532	\$2,726	\$194	7.7%	107.7%
Risk	\$95,700	\$1,739,715	\$1,644,015	1,717.9%	1817.9%
Insurance (Premiums)	\$95,700	\$695,287	\$599,587	626.5%	726.5%
Property Insurance		\$1,044,428			
Purchased Services	\$18,000	\$60,113	\$42,113	234.0%	334.0%
G&A	\$13,120	\$13,256	\$136	1.0%	101.0%
IT	\$3,467	\$1,814	-\$1,653	-47.7%	52.3%
Operating Materials & Equipment	\$400				
Total	\$582,195	\$2,268,283	\$1,686,088	289.6%	389.6%

- Capital Labor is a subset of the Labor above

- Net Actuals vs Budget = Gross Actuals minus Capital Labor



Powering our way of life.



Power Production

Our People Driving Strong
Performance

Quarterly Commission Briefing Q3 2021



Powering our way of life.

Fulfilling Our Mission

Safe – Compliant - Reliable - Efficient



- 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

One Playbook



- PP – Power Production
- PRREIP – Priest Rapids Right Embankment Improvement Project
- JSR – Job Site Review (Safety)
- WMC – Wanapum Maintenance Center
- PR – Priest Rapids
- WAN – Wanapum
- PRP – Priest Rapids Project

2021 Q3 Business Report

Hitting the High Points

Key Operational Metrics

- Safety Performance
- Plant Performance
- Budget Analysis

Short & Long Term Focus

- Success Stories
- Strategic Improvement
- Asset Management Program
- Capital Projects

Team & Next Quarter

- Personnel
- 2021 Q4 Forecast



Safety Performance

Targeting Zero Harm

2021	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	YTD Total
Safety Meeting	-	-	90	95.9	92.6	96.3	97.4	95.4	94.6 AVG
Close Calls	1	2	2	1	2	2	1	5	16
JSR's	24	24	30	42	45	29	34	14	242
Mobile	0	1	1	1	0	0	0	4	7
Non-recordable	0	1	1	1	0	2	1	3	9
Recordables	0	0	0	0	0	0	0	0	0



COVID Response

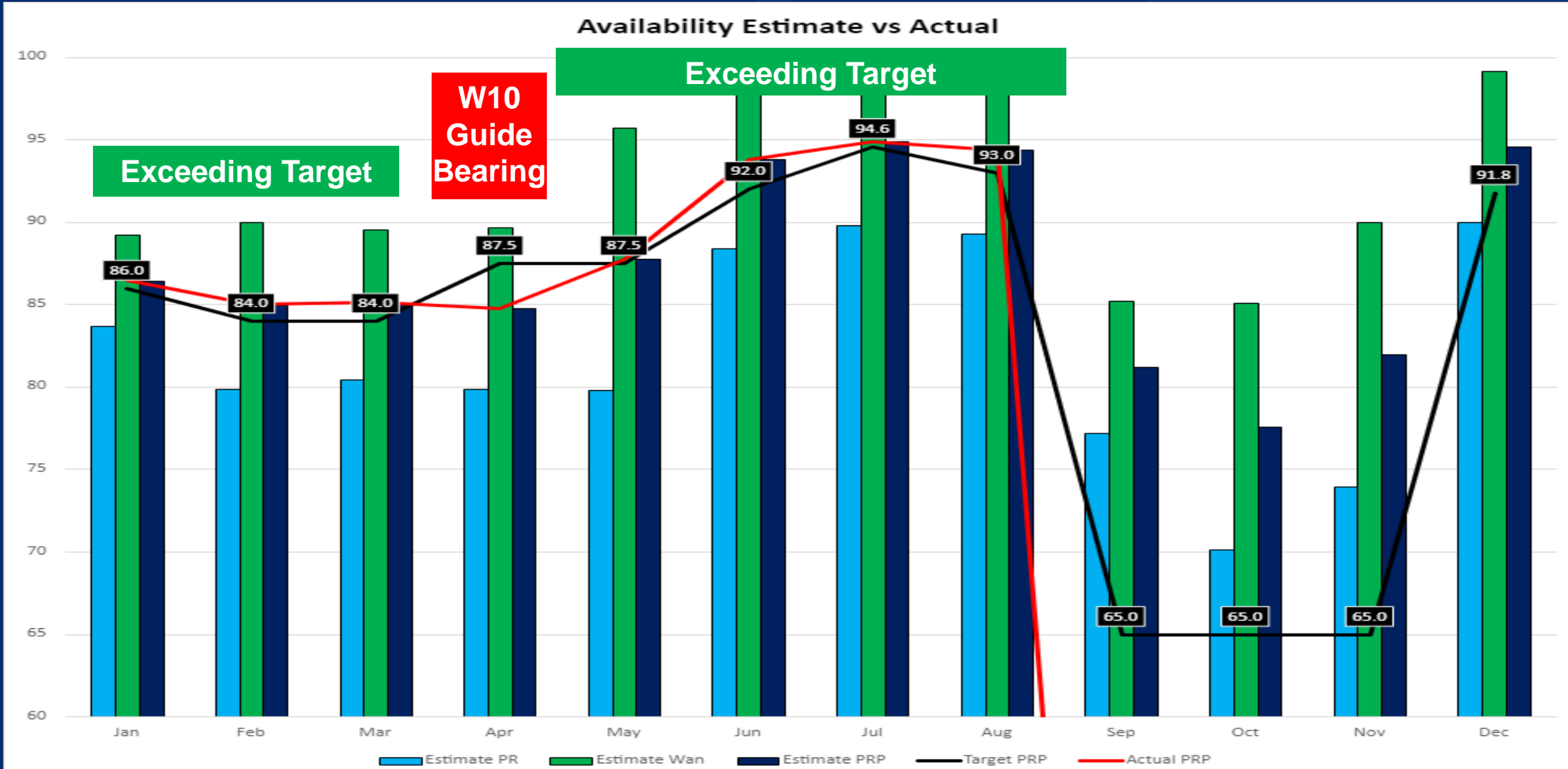
Protecting Critical Employees & Assets

The Challenge – Keep important work going and employee COVID exposures down

- Delta variant adjustments
 - Antigen testing reinstated for all employees entering powerhouse (vaccinated or unvaccinated)
 - Mask exemptions suspended
- Admin functions – reinforced working from home; in-person events only on as-needed basis
- Results as of 9/24: PP employees in quarantine/isolation is lowest that it has been in two months.

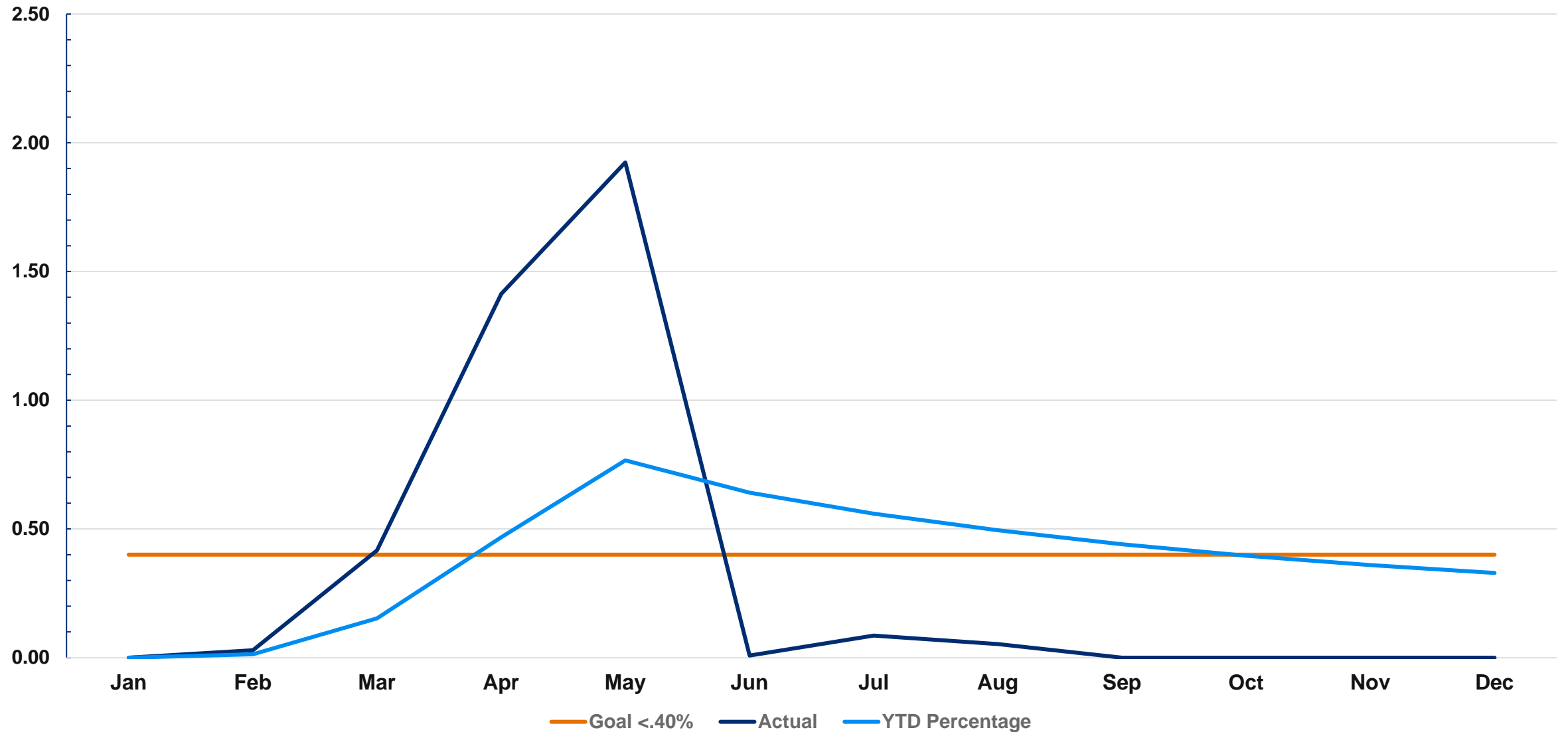


Plant Performance - 2021



Plant Performance - 2021

Project Forced Outage Factor



Operating Unit

EB - Power Production

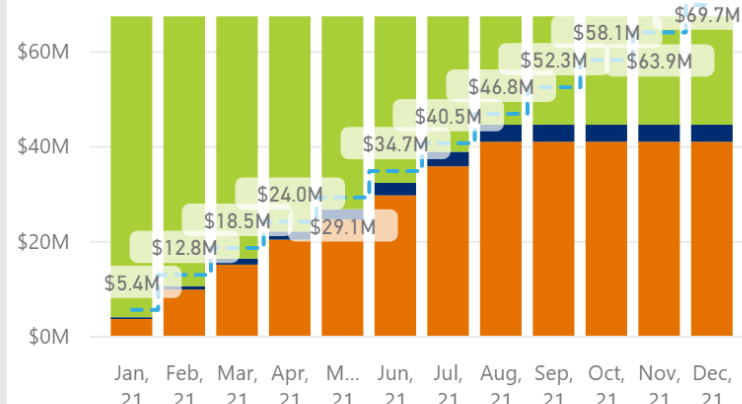
Capital Labor & Net Actuals YTD Vs. Year-End-Projections

Net Actuals

Capital Labor

YEP Remaining

Budget YTD

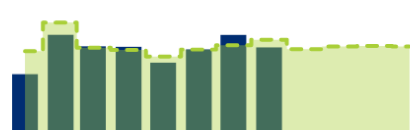


Month	Net Actuals	Capital Labor	YEP Remaining	Budget YTD
Jan, 21	\$5.4M			
Feb, 21	\$12.8M			
Mar, 21	\$18.5M			
Apr, 21	\$24.0M			
M..., 21	\$29.1M			
Jun, 21	\$34.7M			
Jul, 21	\$40.5M			
Aug, 21	\$46.8M			
Sep, 21	\$52.3M			
Oct, 21	\$58.1M			
Nov, 21	\$63.9M			
Dec, 21	\$69.7M			

Gross Actuals Vs. Budget

\$44.4M


-4.9%



Capital Labor Actuals Vs. Budget

\$3.6M

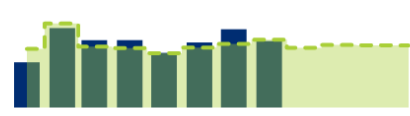
-49.3%



Net Actuals Vs. Budget

\$40.9M

+3.0%



O&M Budget vs Actuals (Including Cap Labor)

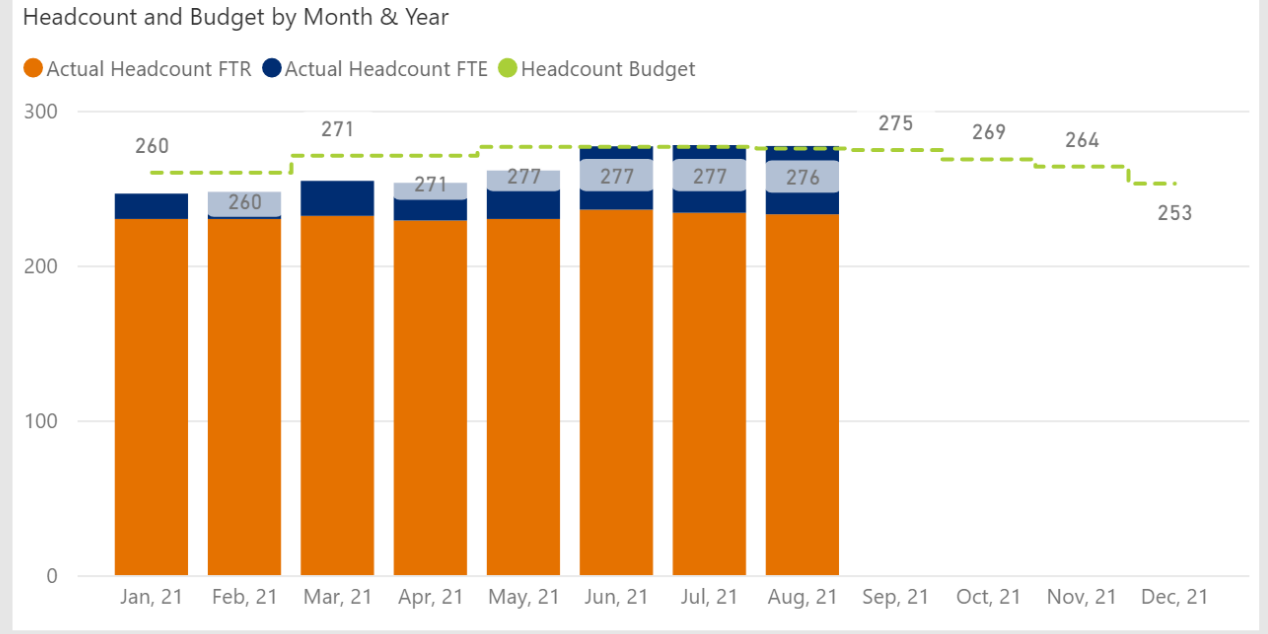
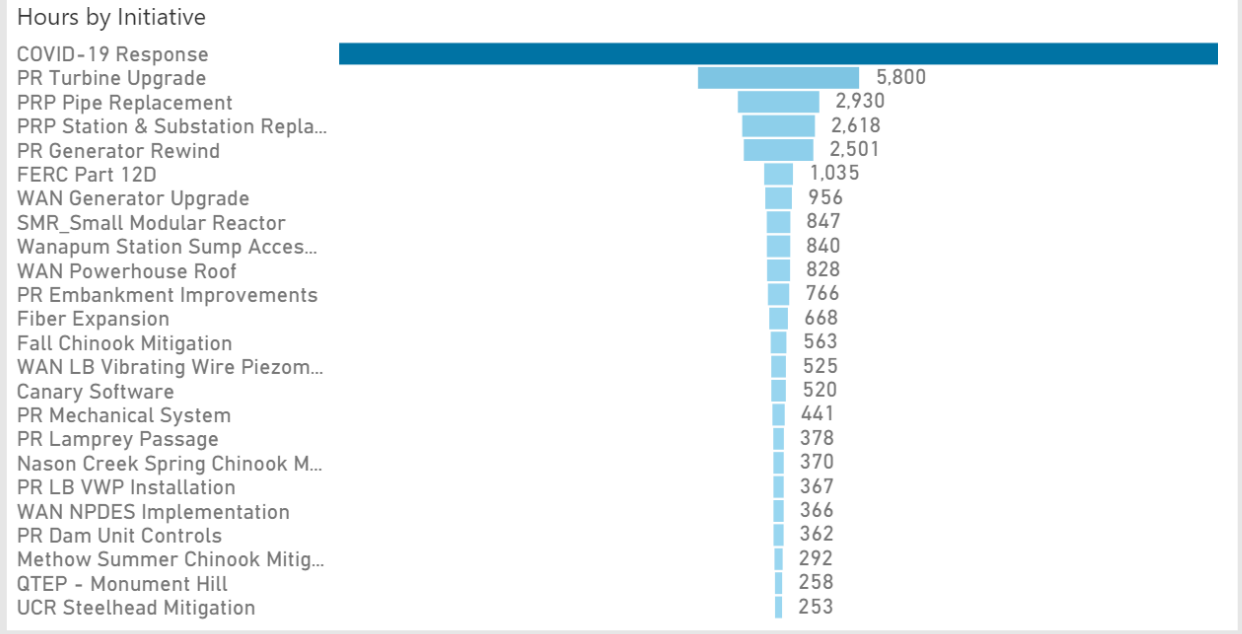
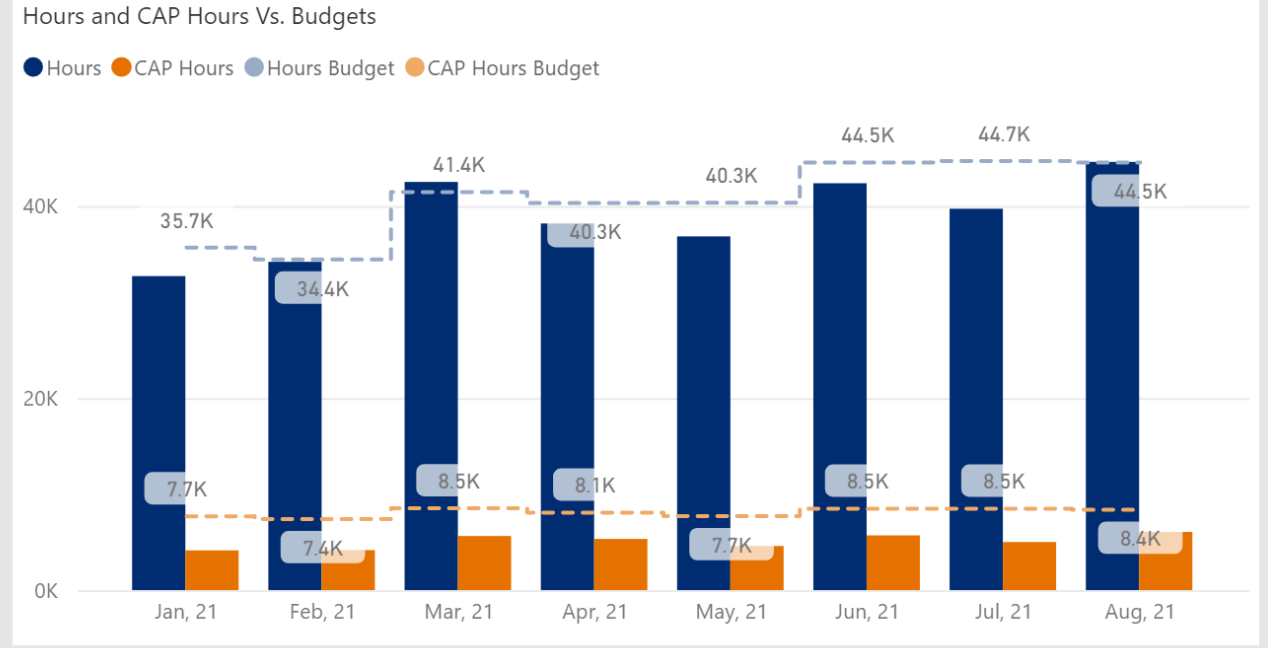
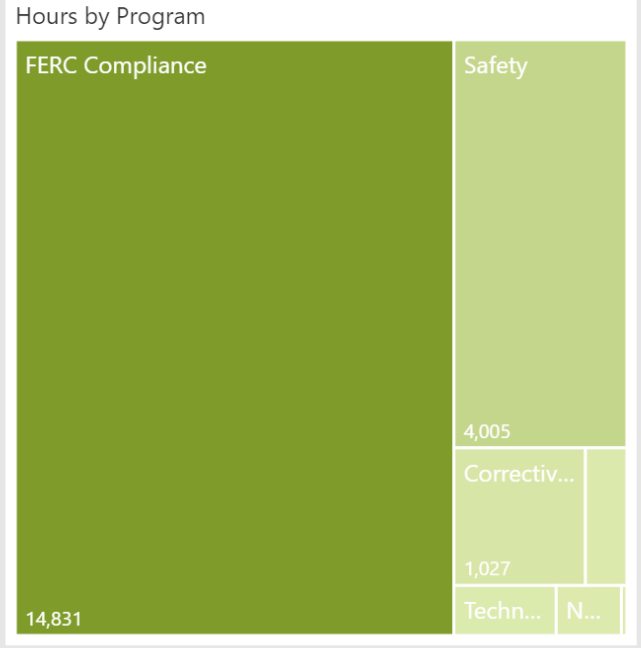
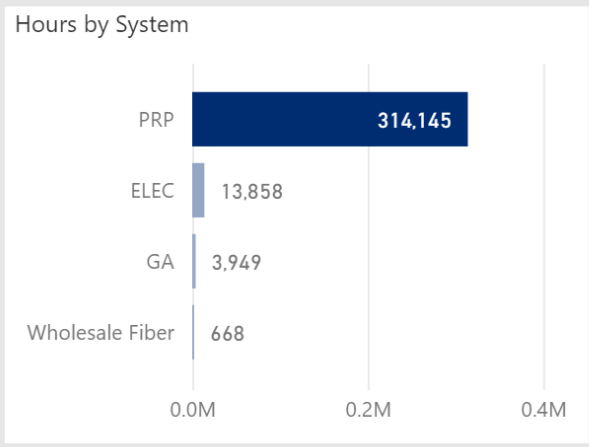
Cost Category Type/Cost Category	Budgeted	Actuals	Budget Var	Budget Var %	Consumed %
<input type="checkbox"/> Labor	\$29,573,006	\$29,225,443	-\$347,564	-1.2%	98.8%
Salaries & Wages	\$17,601,414	\$17,100,774	-\$500,640	-2.8%	97.2%
Benefits	\$10,399,303	\$10,106,663	-\$292,640	-2.8%	97.2%
Overtime	\$1,448,289	\$1,811,141	\$362,852	25.1%	125.1%
Other Labor	\$124,001	\$206,866	\$82,864	66.8%	166.8%
<input type="checkbox"/> Purchased Services	\$10,381,130	\$7,821,167	-\$2,559,963	-24.7%	75.3%
<input type="checkbox"/> G&A	\$4,522,104	\$5,390,222	\$868,117	19.2%	119.2%
<input type="checkbox"/> Operating Materials & Equipment	\$2,152,573	\$1,717,335	-\$435,237	-20.2%	79.8%
<input type="checkbox"/> IT	\$76,840	\$175,841	\$99,001	128.8%	228.8%
<input type="checkbox"/> Utilities	\$46,000	\$58,615	\$12,615	27.4%	127.4%
<input type="checkbox"/> Risk		\$43,261			
<input type="checkbox"/> Transportation		\$10,760			
Total	\$46,751,654	\$44,442,645	-\$2,309,009	-4.9%	95.1%

- Capital Labor is a subset of the Labor above

- Net Actuals vs Budget = Gross Actuals minus Capital Labor

Operating Unit

EB - Power Production

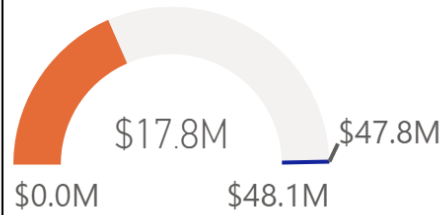




Capital Budget Versus Actuals

PP - Power Production QBR Year-to-Date Aug, 2021

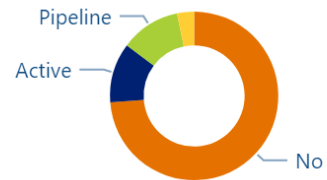
YTD Actuals



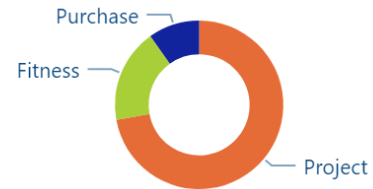
Total Projects

61

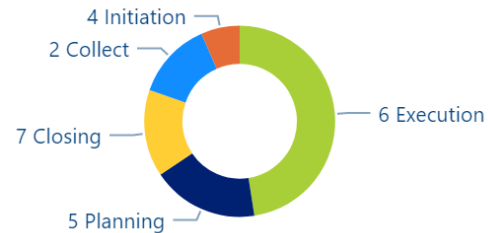
EPMO Management



Project Type



Project Phase



Budget vs Actuals (Capital Directs)

Cost Center	CY Budget	CY Approved Spend	CY Actuals	BOY Fx	CY YEP
EB0000	\$3,634,343	\$4,298,722	\$1,262,415	\$4,051,372	\$5,313,787
EB1000	\$56,901,215	\$39,746,277	\$14,150,481	\$24,294,066	\$38,444,547
EB2000	\$3,061,000	\$3,515,366	\$1,923,508	\$1,478,127	\$3,401,635
EB4220	\$1,453,986	\$419,752	\$309,611	\$163,110	\$472,721
EB4320	\$312,500	\$150,700	\$105,175	\$98,166	\$203,341
EB5300	\$0	\$0	\$6,477	\$0	\$6,477
Total	\$65,363,044	\$48,130,817	\$17,757,668	\$30,084,841	\$47,842,509

Success Stories

Building Resilience While Reducing Costs

Bulkhead Move

- Wan 3rd set of bulkheads moved to Priest Rapids in July/August
- Provides PR with ability to take 2 units out of service in addition to the unit being upgraded
- Allows us to safely and efficiently respond to unit outages that might require dewatering in an emergency
- Provides flexibility to schedule 3 outages at once, keeping outages in times of low power prices
- Project was completed with teamwork between Wan, WMC, PR, engineering and Omega Morgan



Success Stories

Building Resilience While Reducing Costs

Housekeeping comments from insurance inspector:

- Housekeeping in both plants is “exemplary”.
- The plants are the ‘best looking on the river’.
- He will point to Priest Rapids and Wanapum as an example for other plants doing upgrades of how clean (and safe!) a powerhouse under construction can be
- He took pictures of several spots in the powerhouse, particularly PR generator floor to show others



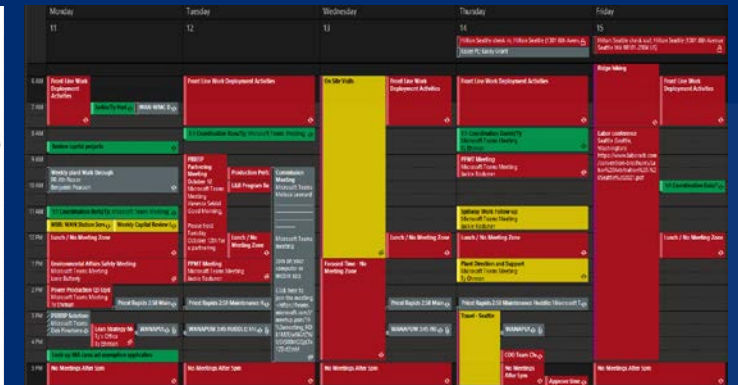
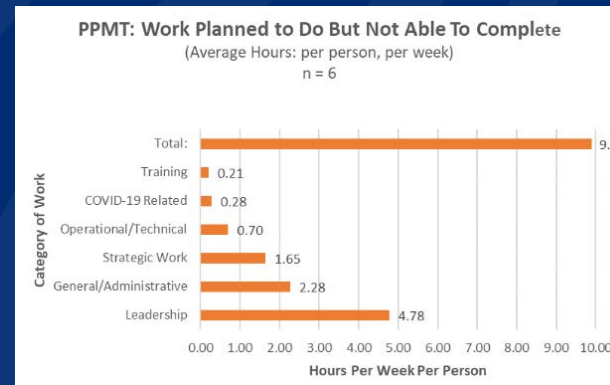
Strategic Improvement Investing in our Leaders

The Challenge: PP leaders not able to spend enough time on leadership, strategic and capital work

The Goal: Improve Power Production performance by improving leader effectiveness, efficiency and morale

Our solution developed in June workshop:

- Develop common set of expectations for leaders on how they spend their time
 - Measure it
- Provide standards that can reduce wasted time and rework in how our leaders communicate and interact with each other



Category	MDPP	PPMT	Manager	Supervisor	Supervising Foreman/ Chief Operator
Administrative	10%	10%	15%	20%	13%
Leadership	25%	25%	25%	25%	15%
Strategy	37%	27%	20%	5%	2%
District-Wide Initiatives/Events	8%	8%	5%	5%	5%
Operational Work	10%	20%	25%	35%	55%
Professional Development & Training	10%	10%	10%	10%	10%
Total	100%	100%	100%	100%	100%

Asset Management

Reinvigorating our Asset Value Focus

- Focus: Delivering best value while balancing performance, cost and risk
- Partnering with Power Delivery on approach, structure
- Accomplished
 - Hired Brianna St. Marie, Business Systems Analyst
- Next Steps
 - Complete Asset Management Policy
 - Begin Asset Management Plans

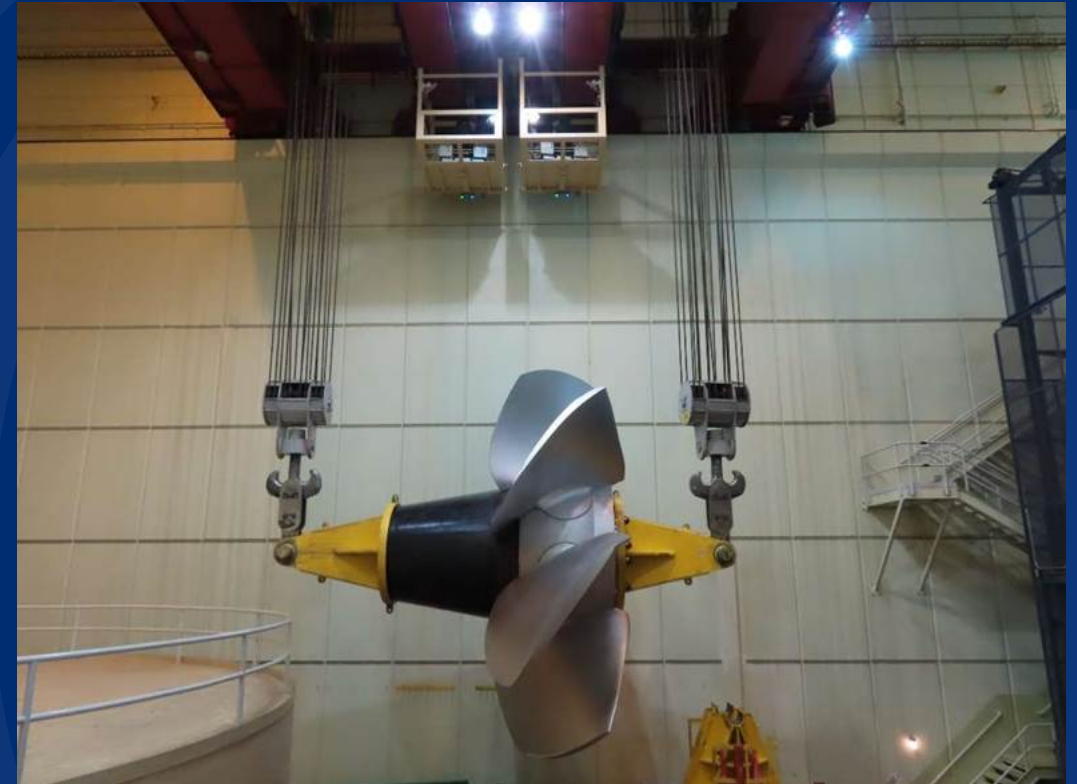


Capital Project Update

Investing in the Future

Priest Rapids Right Embankment Improvement Project

- Construction Start – Oct 4 2021
- PR Unit Rehab
 - P04 – In progress; complete May 2022
- Wan Powerhouse Roof – Completed Sept 2021
- Station Service Upgrades
 - Wan: Dec 2021 – July 2022
 - PR: Jan 2022 – Mar 2023



Personnel

Matching Company Needs with Employee Skills

Cultural Resources

- Malcolm Aleck – Reservoir Patrol

Asset Management

- Brianna St. Marie – Business Systems Analyst

Retirees

- Rex Buck – Wanapum Liaison
 - Hire date: 9/5/1975 – 46 years of service



2021 Q4 Forecast

Staying Focused on Safety & Efficiency

- Strategic Initiatives
 - Fully deploy PP communication standards
 - Complete asset management policy
 - Begin planning for 2022 strategic improvements
- Improve
 - Procedure use, adherence and improvement
 - Ability to plan and schedule work
 - Data driven and risk driven decision making

Continue Efforts at Managing COVID-19 Effects





Powering our way of life.

License Compliance & Lands Services 2021 Q3 Business Report

Grant PUD Commission Meeting – October 12, 2021



Powering our way of life.

Departmental Purpose and Goal

- In alignment with Grant PUD's safety, financial, and compliance goals, the License Compliance & Lands Services Department is responsible for the protection of Grant PUD's natural resources through implementation of the Priest Rapids Project license, management of Grant PUD's lands and waters within the Project Boundary, and in providing company-wide real property, permitting, and geographic information system (GIS) services.



2021 Q3 Business Review



- Safety (July-Aug.)
 - Recordable incidents = 0
 - Non-recordable incidents = 1
 - Safety meeting attendance = 100%
 - Job Briefs = 25
 - Job Site Reviews = 5
- Regulatory Review (July-Aug.)
 - FERC filings by Grant PUD = 0
 - Filings by third-parties = 3
 - FERC approvals/orders/notices = 0
 - Summary of filings:
 - Comments from P. Kelleher filed 7/27, 8/2, 8/24 regarding Vantage Rec Area

2021 Q3 Business Activities

• **Lands Services and Permitting Support**

- Wholesale Fiber and Power Delivery – land and easement acquisitions, permitting, property appraisals, etc., for QTEP, DB2, fiber expansion projects
- Power Production – Priest Rapids Right Embankment easement acquisitions, agency agreements, and permitting, Crescent Bar leaseholder activities
- Internal Services – ongoing property assessments/appraisals and lease support

2021 Q3 Business Activities

• **Geographic Information Systems (GIS) Services**

- Power Production – dam safety monitoring program and safety signage inventory, PR Right Embankment mapping/data requests, Environmental Affairs field monitoring/compliance apps, tract file conversion, general data management support
- Power Delivery – drive-time analysis
- Wholesale Fiber – Customer Service fiber service points interactive map, expansion project mapping, grant funding support
- Districtwide – retooling project review/permitting processes

2021 Q3 Business Activities

- **License Implementation – Shoreline Management**

- Making headway on encroachments through communication and education
- Sunland shoreline vegetation management
- Processing Sunland West Cove Dock permit
- Ongoing and regular encroachment monitoring
- Land-use authorization monitoring

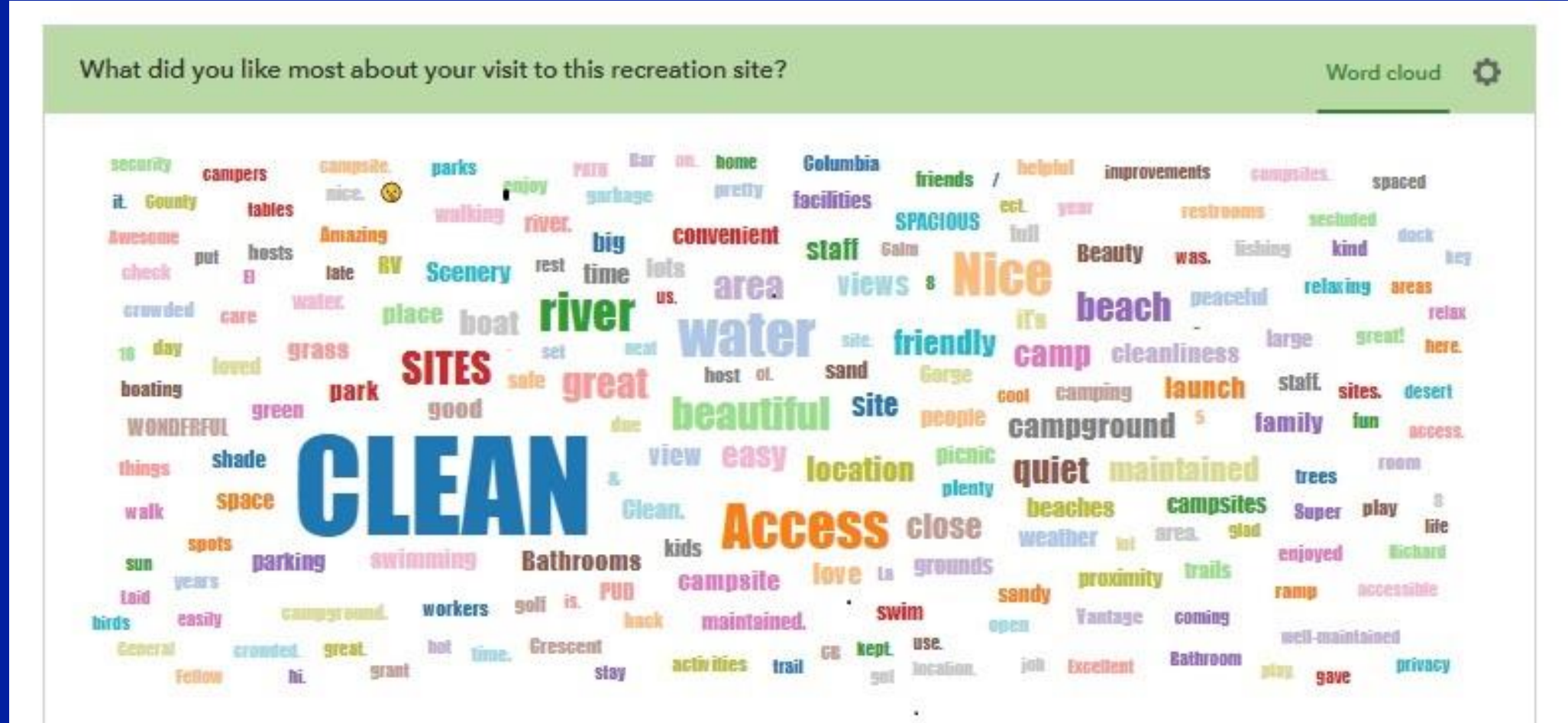
2021 Q3 Business Activities

• **License Implementation - Parks and Recreation**

- Crowd management – effective, concerted effort between Parks staff and crew, security team, and support contractors
- Field visitor surveys and collection of usage data
 - More than 750 visitor surveys conducted
 - Data supports adaptive management decision-making approach
 - Meets license reporting obligations (Vantage, PRRA, etc.)



2021 Q3 Business Activities



2021 Q4 Business Activities

- Ensure business continuity by prioritizing real estate/GIS support of Power Production/Power Delivery/Wholesale Fiber projects
- Train new staff, continue succession planning for business continuity purposes
- Resolve existing shoreline encroachments and continue monitoring for new ones



2021 Q4 Business Activities

- Prepare parks for off-season
- Analyze recreation monitoring data
 - Prepare for FERC filings
 - Present information in January quarterly report
- Finalize emergency action plans for Grant PUD parks
- Complete Request for Proposals for Crescent Bar operations and maintenance contracts (both expire 12/31/21)
- PRRA dredging plan and Vantage marina removal phases 2 and 3





2021 Q4 Forecast

- Safety Goals
 - Non-recordable incidents = 0
 - Recordable incidents = 0
 - Safety meeting attendance = 100%
- Regulatory Outlook
 - Anticipated FERC filings = 4
 - Anticipated FERC approvals = 0
 - Any regulatory threats or risks = none known/anticipated

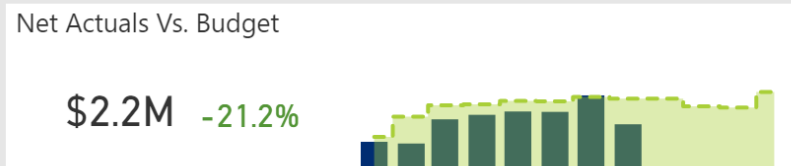
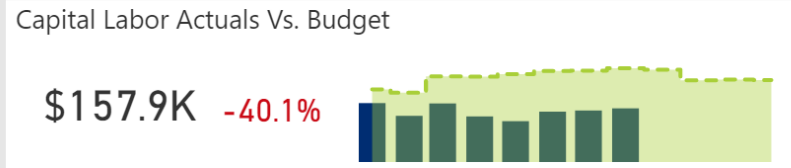
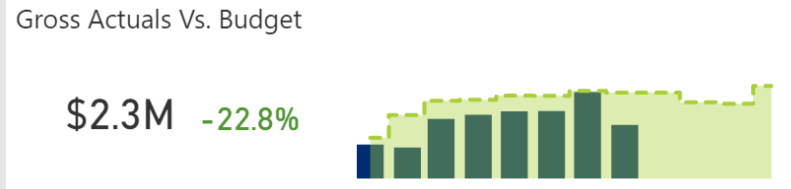
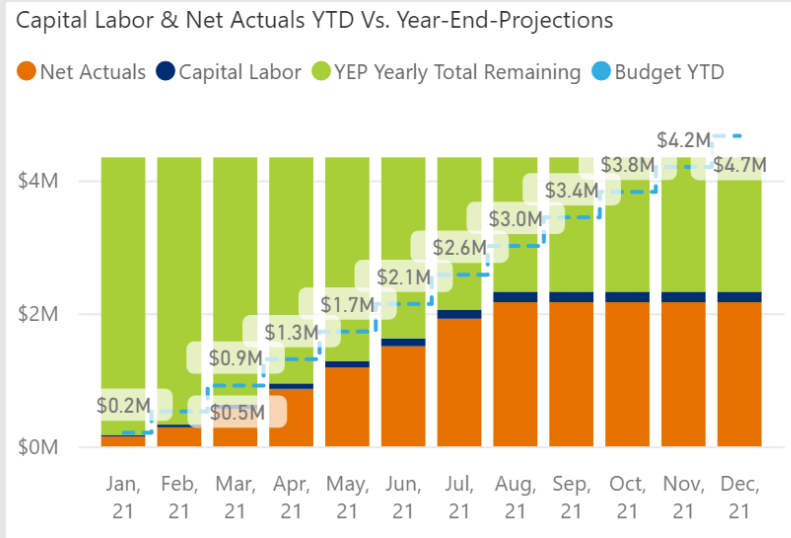


Operating Unit

EB - Power Production

Section

EB43 - PP Lic Comp & Land...



Budget vs Actuals (Including Cap Labor)

Cost Category Type/Cost Category	Budgeted	Actuals	Budget Var	Budget Var %	Consumed %
Labor	\$1,661,196	\$1,561,050	-\$100,147	-6.0%	94.0%
Salaries & Wages	\$996,338	\$991,557	-\$4,781	-0.5%	99.5%
Benefits	\$629,604	\$540,687	-\$88,917	-14.1%	85.9%
Overtime	\$19,756	\$14,202	-\$5,554	-28.1%	71.9%
Other Labor	\$15,498	\$14,603	-\$895	-5.8%	94.2%
Purchased Services	\$1,205,592	\$664,122	-\$541,470	-44.9%	55.1%
Operating Materials & Equipment	\$91,667	\$37,251	-\$54,416	-59.4%	40.6%
Utilities	\$29,800	\$7,166	-\$22,634	-76.0%	24.0%
G&A	\$22,127	\$49,446	\$27,319	123.5%	223.5%
IT		\$3,696			
Risk		\$320			
Transportation		\$18			
Total	\$3,010,382	\$2,323,069	-\$687,313	-22.8%	77.2%

- Capital Labor is a subset of the Labor above

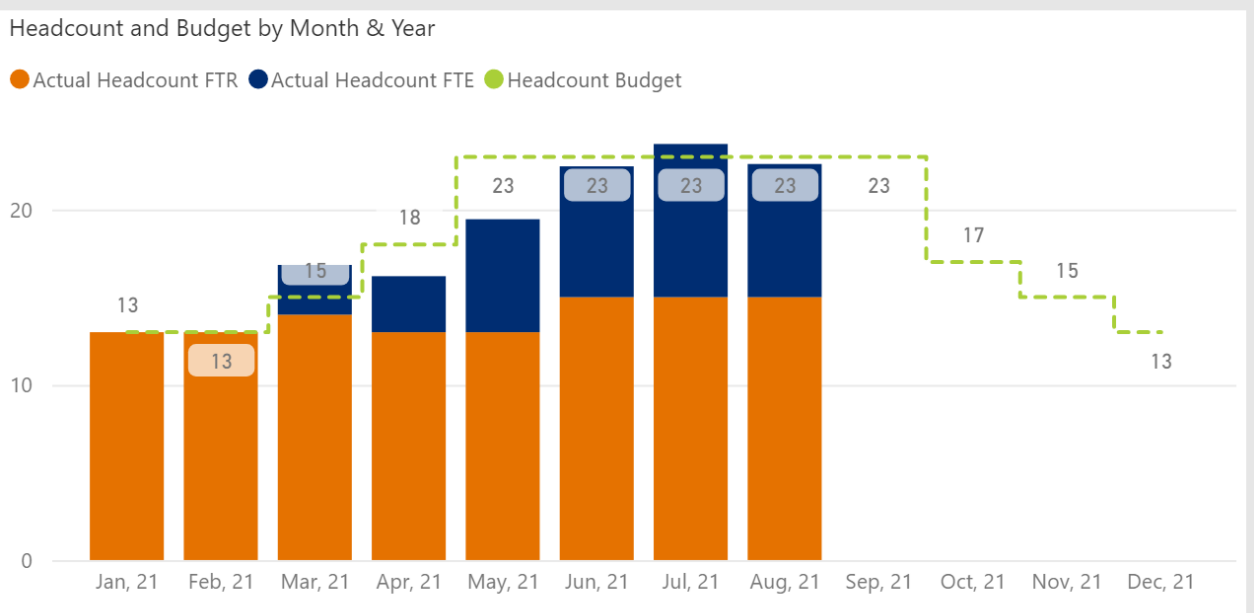
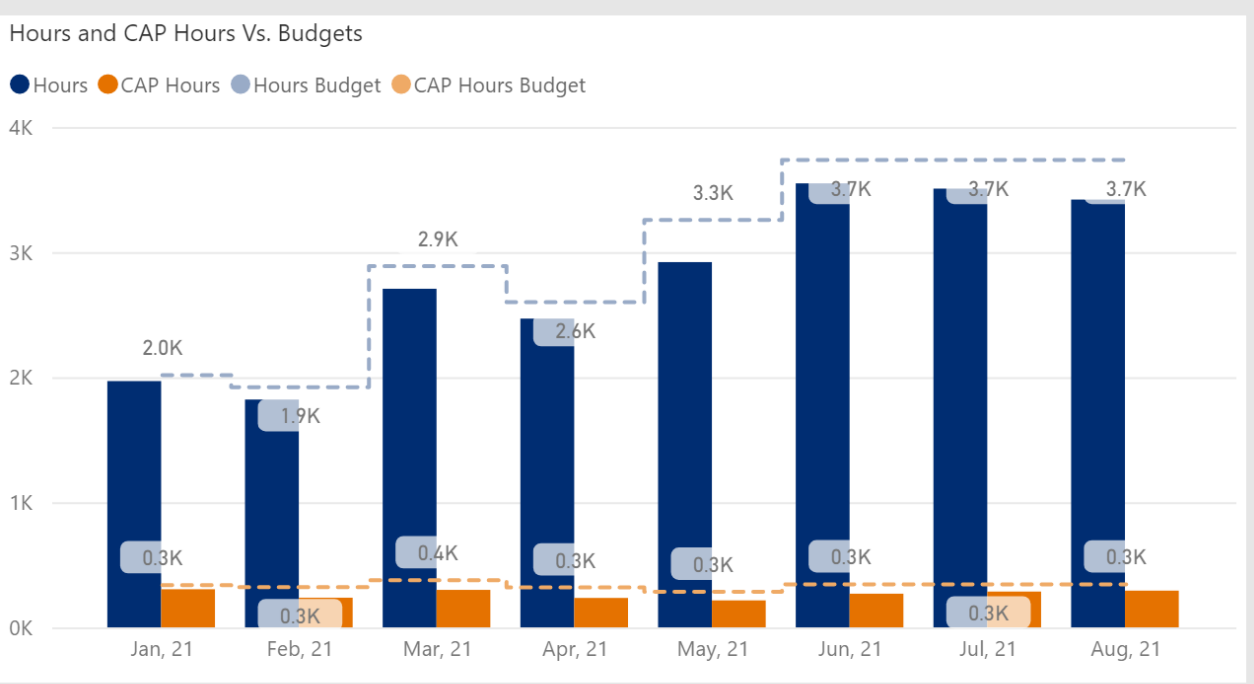
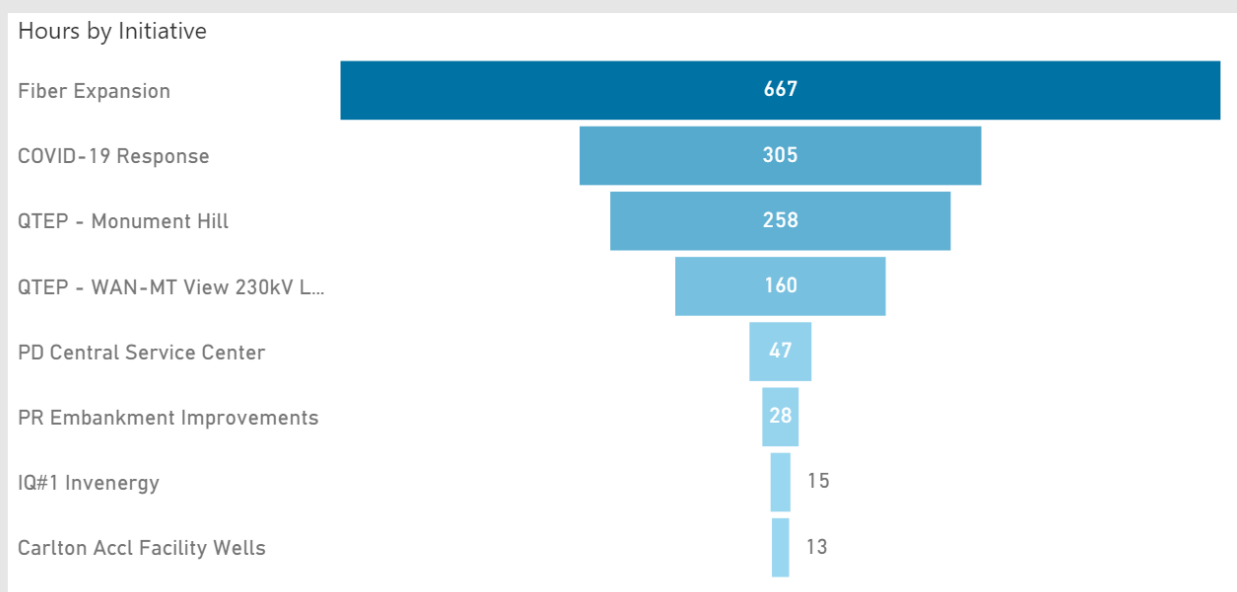
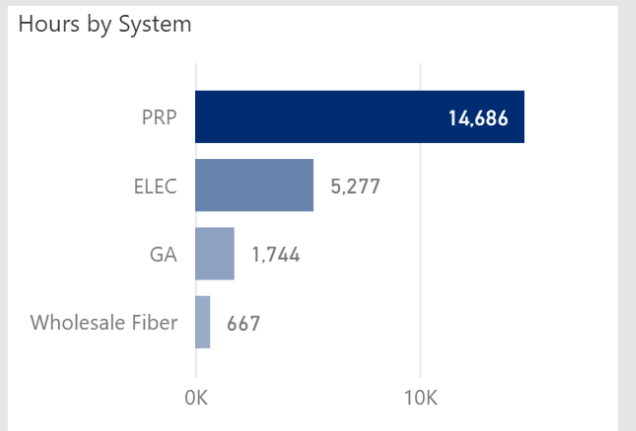
- Net Actuals vs Budget = Gross Actuals minus Capital Labor

Operational Unit

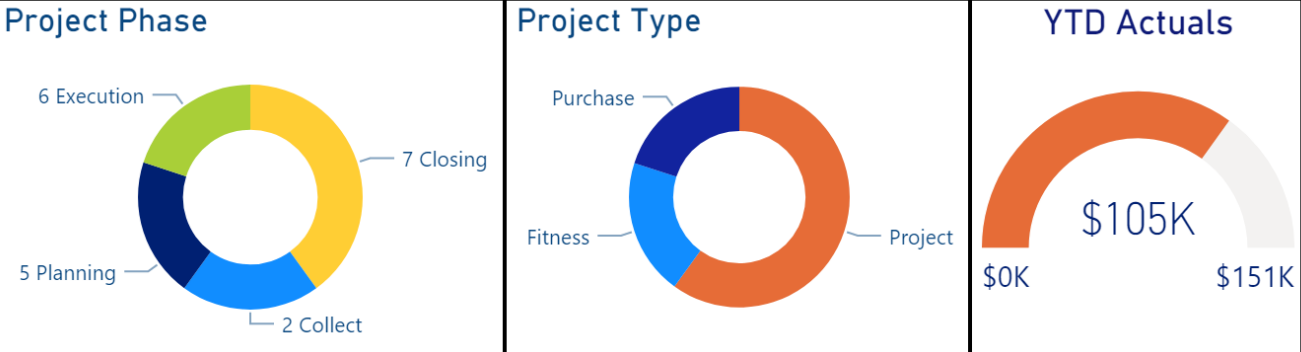
EB - Power Production

Section

EB43 - PP Lic Comp & Land Services



Initiative ID	Name	CY Scope		CY Schedule		CY Price		CY Variance		TP Scope		TP Schedule		TP Price		TP Variance	
IN134	Crescent Bar maint area safety.xlsm		\$0		\$0		\$41,462		\$41,462		\$0		\$0		\$41,462		\$41,462
IN137	PRRA channel dredging erosion.xlsm		\$0		(\$4,528)		\$0		(\$4,528)		\$0		\$0		\$0		(\$0)
IN138	Wanapum Upper BL repair.xlsm		\$0		\$15,707		\$0		\$15,707		\$0		\$0		\$0		\$15,707
IN316	Recreation Fitness.xlsm		\$0		\$0		\$0		\$0		\$0		\$0		\$0		\$0
IN356	L&R Landing Craft.xlsm		\$0		\$0		\$0		\$0		\$0		\$0		\$0		\$120,000
Total			\$0		\$11,179		\$41,462		\$52,641		\$0		\$0		\$41,462		\$177,169



Initiative ID	Name	CY Budget	CY Approved Spend	CY Actuals	BOY Fx	CY YEP
IN134	Crescent Bar maint area safety.xlsm	\$70,000	\$70,000	\$78,218	\$33,244	\$111,462
IN137	PRRA channel dredging erosion.xlsm	\$205,000	\$43,200	\$11,250	\$27,422	\$38,672
IN138	Wanapum Upper BL repair.xlsm	\$0	\$0	\$15,707	\$0	\$15,707
IN316	Recreation Fitness.xlsm	\$37,500	\$37,500	\$0	\$37,500	\$37,500
IN356	L&R Landing Craft.xlsm	\$0	\$0	\$0	\$0	\$0
Total		\$312,500	\$150,700	\$105,175	\$98,166	\$203,341

Questions?

Reliability Compliance

October 12, 2021

Gene Austin
Compliance Manager



Powering our way of life.

Agenda

- **State of Compliance @ GCPUD**
- **Reliability Compliance Initiatives**
 - Audit Readiness
 - Genetec Commissioning
 - CIP Internal Controls
- **New/ Revised Standards**
- **Staff Development Programs**
 - Audit Readiness
 - Genetec Commissioning
- **‘Potential Non-Compliance’ Status**
- **Monthly Business Review**

State of Reliability Compliance

'Reliability Compliance' Program provides a foundation for Operations & Planning and Critical Infrastructure Protection

- **NERC Audit Period**
 - Q3-2023 Next Audit
 - Q4-2022 – Audit Readiness kickoff
 - Q1-2022 – 100% Self-Certification
- **Operations & Planning (O&P)**
 - FAC-008-5 Facility Ratings Program (October 1, 2021)
 - FAC-008-3 Audit Findings R3 and R6
- **Critical Infrastructure Protection (CIP)**
 - CIP-014-2 Physical Security
 - CIP Commissioning Genetec
 - CIP-012-1 Communication Between Control Centers
- **Reliability Compliance Group**
 - Fully staffed; Continuous Training
 - NERC Professional Credential – 2022
- **Potential Non-Compliances – OEAs**
 - 8 Open Enforcement Actions

Reliability Compliance' Initiatives

AUDIT READINESS... NOT TOO SOON!

- ½ way through the Audit Period
- 100% Self-Certification Q1-2022

GENETEC CIP COMMISSIONING

- Preliminary Authorization to Go-Live
- MLCC and EHQ Dispatch and Data Center Conversion

CIP INTERNAL CONTROLS INITIATIVE

- Network and Security Technologies – Q4
- CIP-004; CIP-007; CIP-010

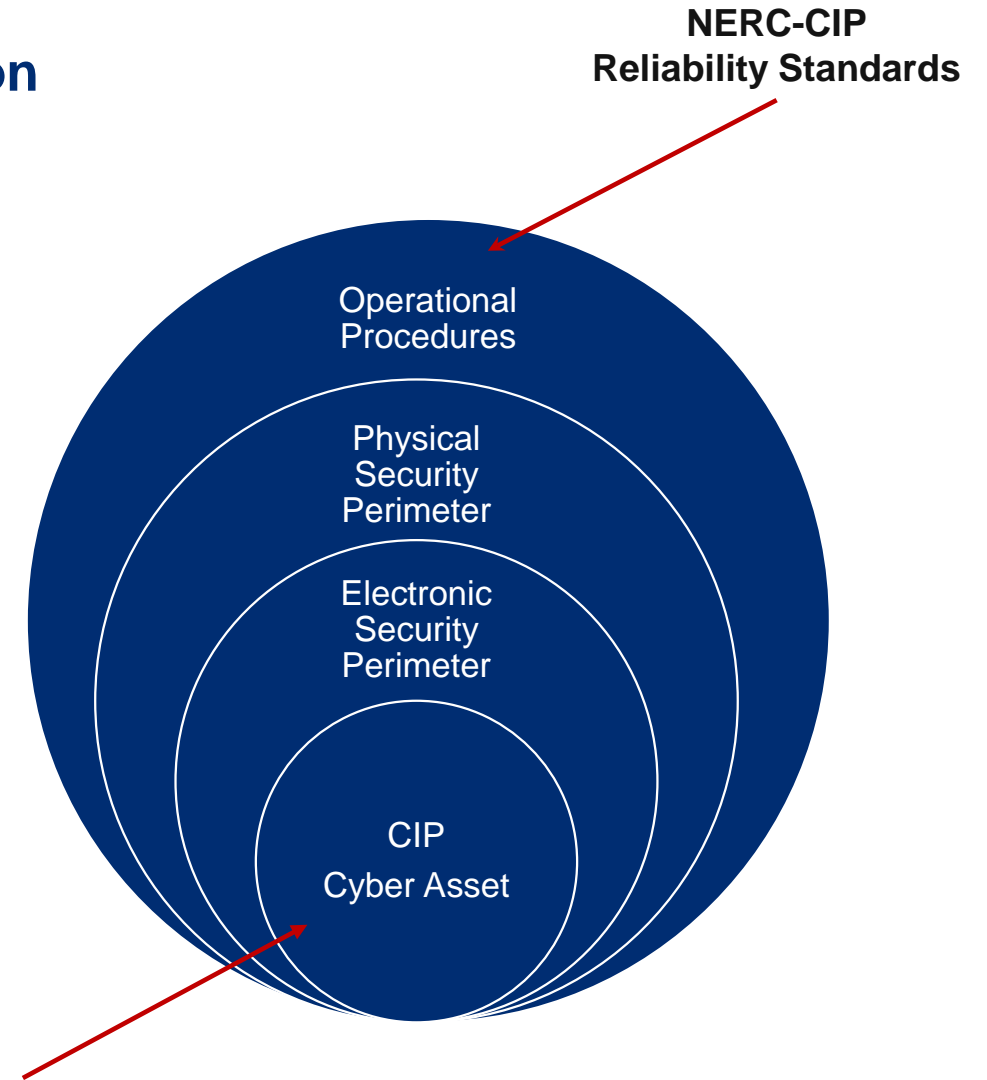
STAFF DEVELOPMENT

- “Certified CIP Compliance Professional” Credential; Energy Sec
- “CIP Qualified Worker” – GCPD Qualification Program

NERC-CIP Standards

Critical Infrastructure Protection

CIP-002-5.1a	BES Cyber System Categorization
CIP-003-8	Security Management Controls
CIP-004-6	Personnel & Training
CIP-005-6	Electronic Security Perimeter – (Oct 2022)
CIP-006-6	Physical Security of BES Cyber Systems
CIP-007-6	System Security Management
CIP-008-6	Incident Reporting and Response Planning
CIP-009-6	Recovery Plans for BES Cyber Systems
CIP-010-3	Configuration Change Management and Vulnerability Assessments – (Oct 2022)
CIP-011-2	Information Protection
CIP-012-2	Communications Between Control Centers – (July 2022)
CIP-013-1	Supply Chain Risk Management – (Oct 2022)
CIP-014-2	Physical Security – Transmission Assets



Bulk Electric System
Cyber Assets

Certified NERC Compliance Professional

Credentialed NERC-CIP Program

Includes a broad range of subjects within transmission, generation, system operations, networking, telecommunications, information technology, physical security, and cybersecurity.

COURSE Work:

- NERC CIP Deep Dive (3-day Course)
- NERC CIP Audit Prep+ (2-day Course)
- Technical Foundations for CIP
- Operational Foundations for CIP
- NERC CIP Internal Controls
- NERC CIP Audit Lab
- SME Prep

CIP-Qualified Worker Program

- Complete EnergySec' NERC CIP 'Deep Dive'
- Assigned Standard – Candidate will study the assigned Standard and prepare to discuss in detail with the Review Panel
- Knowledge Review of Compliance Procedures and Work Processes
- RSAW – The Candidate will develop an RSAW from scratch
- Navigate and discuss essential elements of
 - CIP Protected Site
 - W: CIP Folder Structure
 - NERC/ WECC Websites
- W: Drive for specific Standards assigned
 - Navigate and explain the Compliance documentation & evidence
- Self-Reports and TFEs; Review Violation History with the Panel

‘Potential Non-Compliance’ – PNCs

8 Open PNC’s

- 2 Audit Findings PNCs – 2020**
- 2 Self-Reported PNCs – 2020**
- 4 Self-Reported PNCs – 2019**

8 ‘Potential Non-compliances

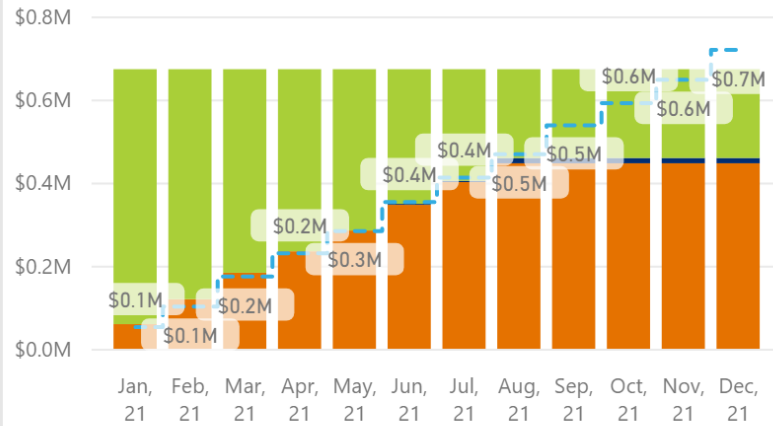


Department

FF3 - RAC Electric Reliability Compl

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

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



Gross Actuals Vs. Budget

\$459.2K -1.9%



Capital Labor Actuals Vs. Budget

\$12.7K -24.3%



Net Actuals Vs. Budget

\$446.5K -1.1%



Budget vs Actuals (Including Cap Labor)

Cost Category Type/Cost Category	Budgeted	Actuals	Budget Var	Budget Var %	Consumed %
Labor	\$436,378	\$438,664	\$2,286	0.5%	100.5%
Salaries & Wages	\$278,127	\$279,792	\$1,665	0.6%	100.6%
Benefits	\$153,651	\$151,016	-\$2,634	-1.7%	98.3%
Other Labor	\$4,600	\$7,856	\$3,256	70.8%	170.8%
Purchased Services	\$25,400	\$11,470	-\$13,930	-54.8%	45.2%
G&A	\$6,250	\$8,644	\$2,394	38.3%	138.3%
IT		\$416			
Total	\$468,028	\$459,194	-\$8,833	-1.9%	98.1%

FF3 – ‘Electric Reliability Compliance’ Variance:**Purchased Services:**


\$9,675 reflects Q4-2020 Consultant Invoice received/paid in Feb 2021

Mgmt. Consulting Services, spending will increase in Q3 re: Genetec Commissioning

Reviewed By: Gene Austin

Approved By: Gene Austin

Date: 9/28/2021



2022 BUDGET PRESENTATION

OUR PLAN FOR DELIVERING VALUE TO OUR CUSTOMERS



Powering our way of life.

Topics Covered



Budget Initiatives &
Process



Strategic Initiatives



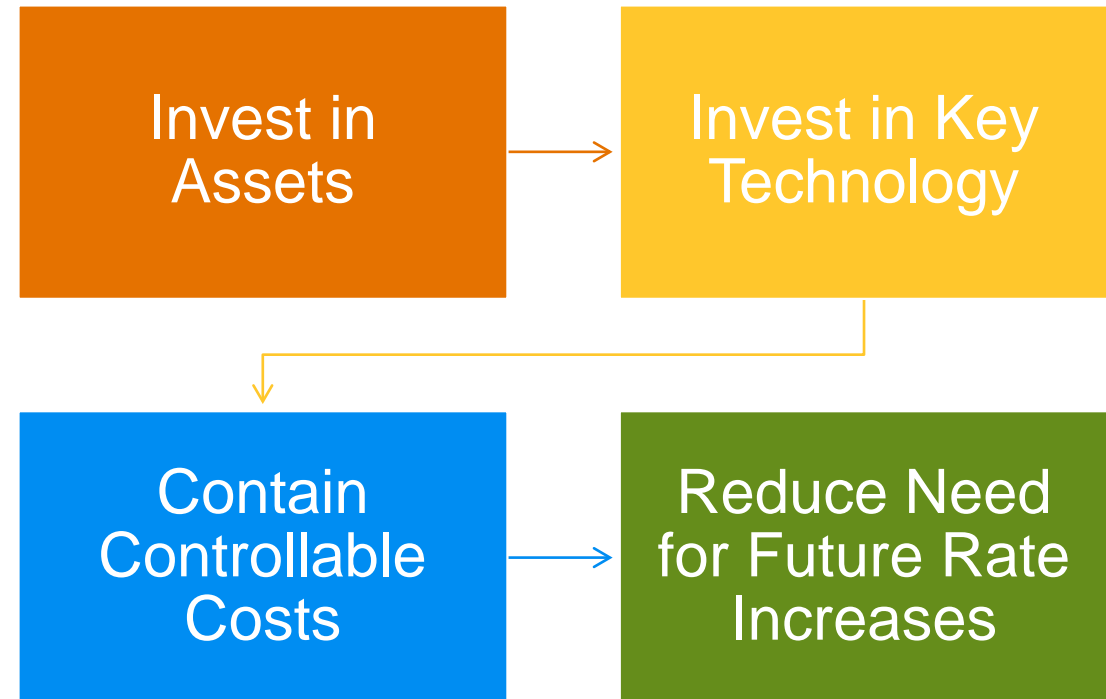
Summary of Results



Appendices

Keys for the Budget & Planning Process

1. Provide value for current and future Grant PUD customers
2. Maintain the utility's financial health



01

Major Budget Initiatives & Budget Process





Major Budget Initiatives & Process

2022 Budget aligned with customers' top priorities:

- Provide reliable electric power with few outages.
- Good customer service.
- Provide real-time information and communication on energy, use and outages.
- Keeping electricity prices as low as possible.

Source: 2019 Customer Satisfaction Survey

Major Budget Initiatives & Process

Major 2022 Budget Initiatives:

1. Grant PUD's financial position
2. Expansion of data optimization – continuation of a multi-year process
 - Inclusion of “Asset-Type”
3. Expansion of detailed project data for the 2022 Capital Plan
 - Monthly granularity and “Cost Category-Type”
4. Introduction of the “Business Case” process to identify Strategic Initiatives
5. Detailed budget data available for review

Major Budget Initiatives & Process

2022 Budget Process:

1. Round 1 – Business Unit Focus

- Bottom-up input from all business units (BU) for O&M and Labor
- Need for business cases identified
- CXO review with BUs (2 day process)
- Initial screening of business cases by FP&A and review with CXOs

2. Round 2 – Strategic Focus

- Establish Capital spending expectation
- Refinement of O&M and Labor with BUs
- CXO evaluation/selection of the most valuable / highest priority business cases

3. Round 3 – Commission and Public Review

- Commission review and public outreach
- Budget adoption

Major Budget Initiatives & Process

2022 Budget Timeline:

Task	PARTICIPANTS	START	END	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
PLANNING		1/22/21	5/31/21												
Pre Kick-Off Meeting	CXOs, FP&A	1/22/21	5/27/21												
Kick-Off Meeting	BU SMEs, BU Mgrs, CXOs, FP&A	5/28/21	5/28/21												
Distribution of Info and Materials	BU SMEs, BU Mgrs, CXOs, FP&A	5/28/21	5/28/21												
ROUND 1		6/1/21	7/29/21												
BUs prepare O&M and Labor Plans, Biz Cases	BU SMEs, BU Mgrs, FP&A	6/1/21	6/29/21												
Office Hours, Four 2-hr sessions	BU SMEs, BU Mgrs, FP&A	6/10/21	6/29/21												
Collect/Process of O&M, Labor and Biz Cases	BU SMEs, BU Mgrs, FP&A	6/29/21	7/12/21												
CXOs and BUs review and edit processed info	CXOs, BU Mgrs, BU SMEs	7/13/21	7/21/21												
Collect/Process Non-Op Rev/Exp/Inputs, Fin Fx and CXO docs	Acctg, Trsry, Rates, Risk, WS, FP&A	6/8/21	7/27/21												
Round 1 CXO meetings -> Finalize Round 1	CXOs, Sr Mgrs, FP&A, EPPM	7/28/21	7/29/21												
ROUND 2		7/30/21	9/7/21												
Distribution of Info and Materials	FP&A	7/30/21	7/30/21												
BUs refine O&M and Labor Plans, Business Cases	BU SMEs, BU Mgrs, FP&A	7/30/21	8/17/21												
Capital Project Processing and Review	CXOs, BU Mgrs, EPPM	8/1/21	8/25/21												
Collect/Process of O&M, Labor, Biz Cases, Fin Fx, CXO docs	BU SMEs, BU Mgrs, FP&A	8/17/21	8/31/21												
Round 2 CXO Meetings -> Finalize Round 2	CXOs, Sr Mgrs, FP&A, EPPM	9/1/21	9/7/21												
ROUND 3		9/8/21	12/17/21												
Prepare and Review Materials for Commission/Public Review	FP&A, CXOs, Commission	9/8/21	10/11/21												
Public Meetings	Commission, CXOs, FP&A	10/12/21	10/14/21												
Budget Adopted	Commission	11/9/21	11/9/21												
Budget Upload to ODS	Acctg, FP&A	11/9/21	12/17/21												

02

Strategic Initiatives Overview



Strategic Initiatives Overview:

Hydro Generation Management

Organization:

Wanapum Dam, Priest Rapids Dam and Wanapum Maintenance Center reporting to Senior Manager of Hydro Generation.

Defined:

Hydro Generation is responsible for safely, efficiently and reliably generating power with Grant PUD's 4 hydro generation projects.

Vision:

Every employee understands how the work they do to generate power contributes to providing customer value and are motivated to improve on that value while keeping risks to an acceptable level.

Results:

- Increase in Net Wholesale benefit
 - This serves as a financial offset for both Budget performance and Operational performance
- Reducing risk around safety, compliance, and operations
- Enhancing benefit-to-risk profile through efficiency

Strategic Initiatives Overview:

Asset Management

Organization:

Power Delivery Asset Management, Power Production Asset Management

Defined:

Asset Management is the coordinated activity of the organization to realize the most value from our assets.

Vision:

Grant PUD will clearly understand how asset activities (Install, inspect, maintain, refurbish, replace, dispose) impact our corporate objectives.

Results:

- Better asset data for increased confidence in **decision making**.
- **Ability to measure** the results of asset decisions and demonstrate the outcome.
- Ensuring **value for our customers** today and for the next generation.

Strategic Initiatives Overview:

Long Range Resource Planning

Organization:

Long range resource planning will be placed in the Wholesale Marketing and Supply team and will work closely with Risk, Financial Planning and Analysis, Power Production and Power Delivery.

Defined:

- Long range resource planning will focus on longer term (3–10 years) decisions on load and resource balancing. This is an area in the past that has not been a large priority at Grant due future requirements vs resources from the Priest Rapids Project. This has changed as Grant PUD's load has grown over the past 15 years.
- The latest Integrated Resource Plan indicated that Grant PUD will need seasonal capacity by as early as 2026, and yearly capacity and energy by 2028. Long range resource planning will focus on the evaluation of future alternatives including new generation build(s), Power Purchasing Agreements (PPA), demand side response, and distributed generation to meet this need.

Vision:

Lead the development of better planning and analysis on long range load and resource balancing.

Results:

- Improved assessment of Grant PUD's future capacity and energy requirements.
- Improved planning strategy to inform the acquisition of power resources that deliver customer value through long term reliable service, and competitive, stable, and predictable pricing.

Strategic Initiatives Overview:

Enterprise Technology (2022)

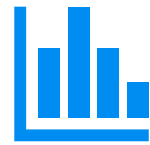
Organization: Software Engineering & Architecture, Network Engineering & Telecom, Service Desk, Platform Operations, Enterprise Applications

Key 2022 Results & Starts:

- **GEN2** Go-Live. 2-year effort to modernize our Electric Distribution and Fiber system design and as-built tracking environment with world-class ESRI Geographic Information System (GIS) based tools for the office and field. Enables engineering and field workers to access the designs in real-time and provide markup in the field.
- **EMS** Kick-off. 2-year effort to replace our Energy Management System (EMS). A new EMS will support planned changes in the District's operating paradigms and open the opportunities to utilize more standardized core functions of an EMS system including Automatic Generation Control (AGC).
- **Mobile Workforce Management** Go-Live. 9-month effort to deploy best in class mobile tools for coordinating and tracking field service work in Power Delivery with full integration between Customer Service and Power Delivery Crews for real-time assignment and update on field activities.
- **Technology Infrastructure Modernization** Go-Live for Hyper-converged Data Center Infrastructure, Optical Backbone Core, Cyber Infrastructure, Business Ethernet Network and related tools for monitoring/alerting/configuration management. Provides a high performance, scalable, reliable and cost-efficient environment for the foreseeable future.
- **Finance & Supply Chain Modernization** Kick-off. This will be a multi-year effort to replace our Microsoft Great Plains legacy finance solution and add Inventory/Warehouse/Supply Chain management.

03

Summary of Results



Total expenses for 2022 (before offsets)

All figures in Millions		2019 Actual	2020 Actual	2021 Budget	2021 YEP	2022 Budget	*Historical breakout not available
Operations & Maintenance –Total:		\$126.4	\$134.7	\$143.6	\$154.6	\$156.9	
	Electric System O&M – Total:	\$52.2	\$55.7	\$59.4	\$64.1	\$66.9	
	Electric System O&M – Direct:	*	*	\$22.4	\$22.2	\$23.9	
	Electric System O&M – Labor:	*	*	\$37.0	\$41.9	\$43.1	
	Priest Rapids Project O&M – Total:	\$74.2	\$79.0	\$84.1	\$90.5	\$89.9	
	PRP O&M – Direct:	*	*	\$39.5	\$39.4	\$40.0	
	PRP O&M – Labor:	*	*	\$44.6	\$51.1	\$50.0	
Taxes:		\$17.9	\$17.7	\$18.1	\$19.3	\$19.5	

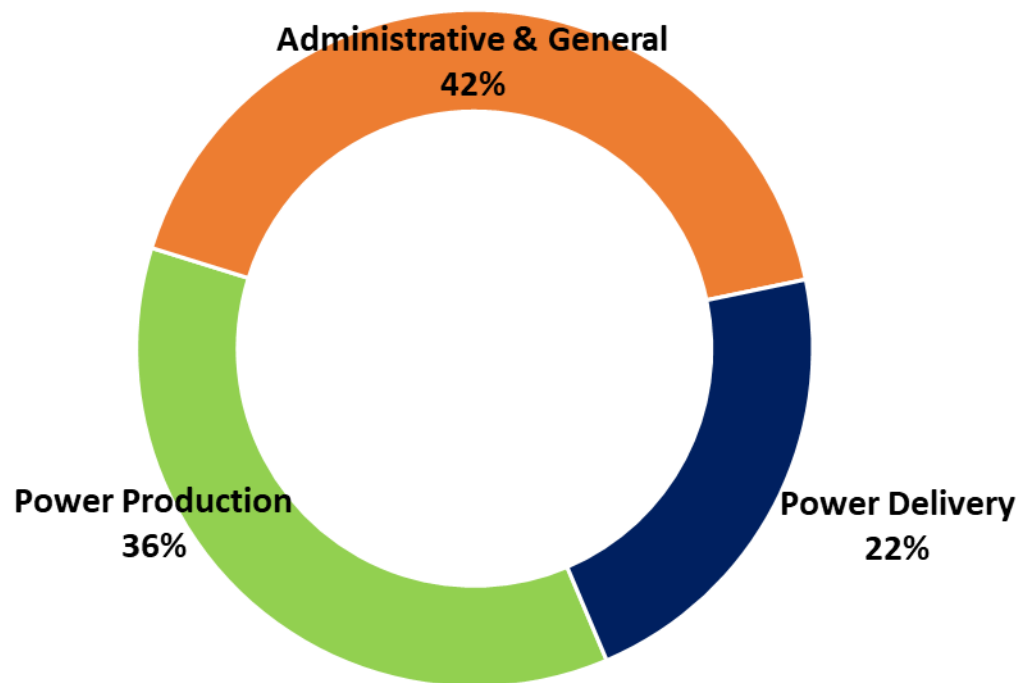
Total expenses for 2022 (before offsets) – Cont.

All figures in Millions		2019 Actual	2020 Actual	2021 Budget	2021 YEP	2022 Budget
Capital –Total:		\$123.7	\$122.5	\$143.3	\$139.6	\$145.4
	Electric System Capital – Total:	\$57.2	\$74.4	\$73.7	\$88.2	\$90.1
	Electric System Capital – Direct:	*	*	\$60.7	\$78.8	\$78.6
	Electric System Capital – Labor:	*	*	\$13.0	\$9.4	\$11.5
	Priest Rapids Project Capital – Total:	\$66.5	\$48.1	\$69.7	\$51.4	\$55.3
	PRP Capital – Direct:	*	*	\$52.4	\$41.3	\$42.0
	PRP Capital – Labor:	*	*	\$17.2	\$10.1	\$13.4
Debt Service (net of rebates):		\$87.8	\$72.9	\$75.6	\$74.5	\$75.7
TOTAL EXPENSES (before offsets):		\$356.9	\$356.9	\$380.6	\$387.9	\$397.5

*Historical
breakout not
available

Operations and Maintenance Expense

2022 O&M by Functional Organization

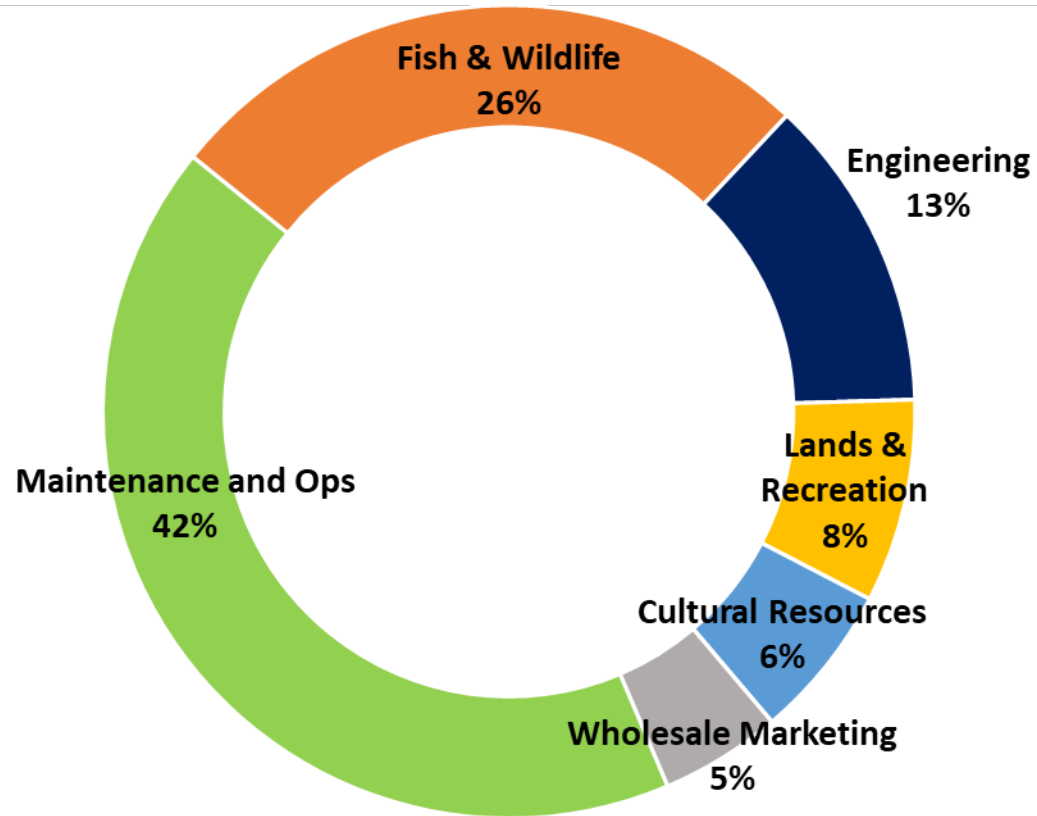


Cost Type	2022
Labor	\$93.1
Purchased Services	\$34.5
General & Administration	\$10.5
Operating Materials and Equipment	\$7.7
Information Technology	\$6.0
Risk	\$3.0
Transportation	\$2.2
Total	\$156.9

*All figures in millions; non-operational adjustment allocations estimated
Purchased Services includes utilities*

- Operations and maintenance (O&M) expense includes both labor and operating expenses, net of labor to capital.
- Total 2022 O&M of \$156.9M can be reviewed programmatically in three categories.

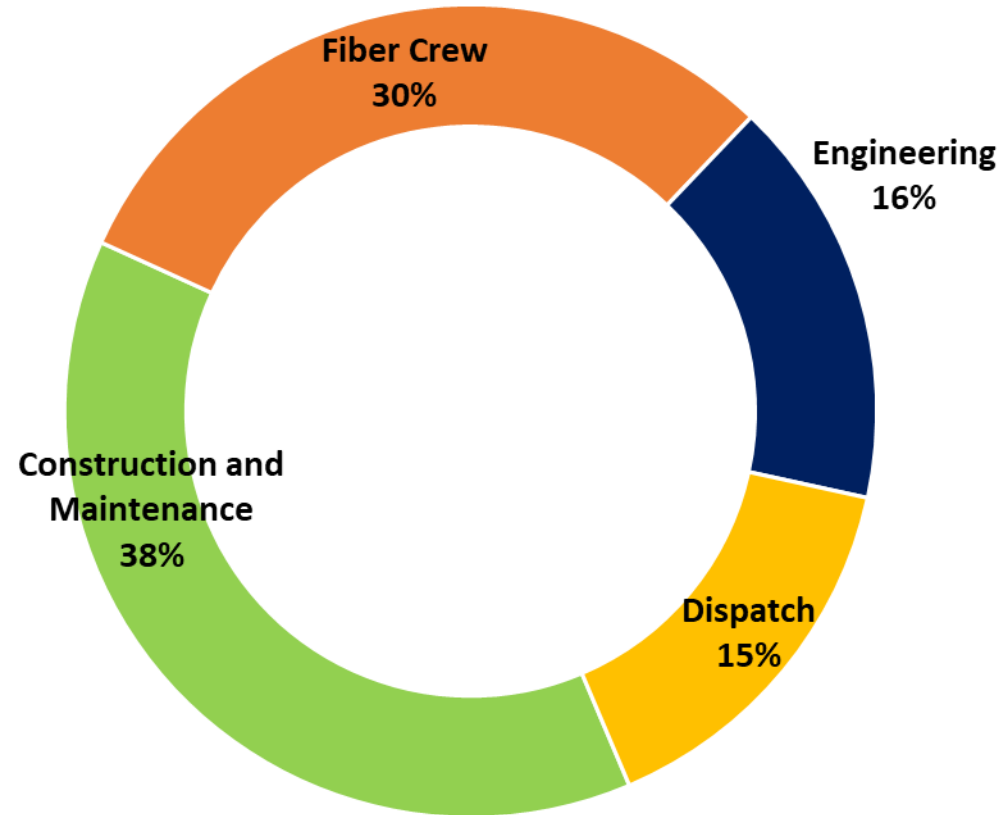
2022 Power Production O&M



Cost Type	2022
Labor	\$32.1
Purchased Services	\$15.5
General & Administration	\$6.2
Operating Materials and Equipment	\$2.6
Information Technology	\$0.1
Risk	\$0.0
Transportation	\$0.1
Total	\$56.6

*All figures in millions; non-operational adjustment allocations estimated
Purchased Services includes utilities*

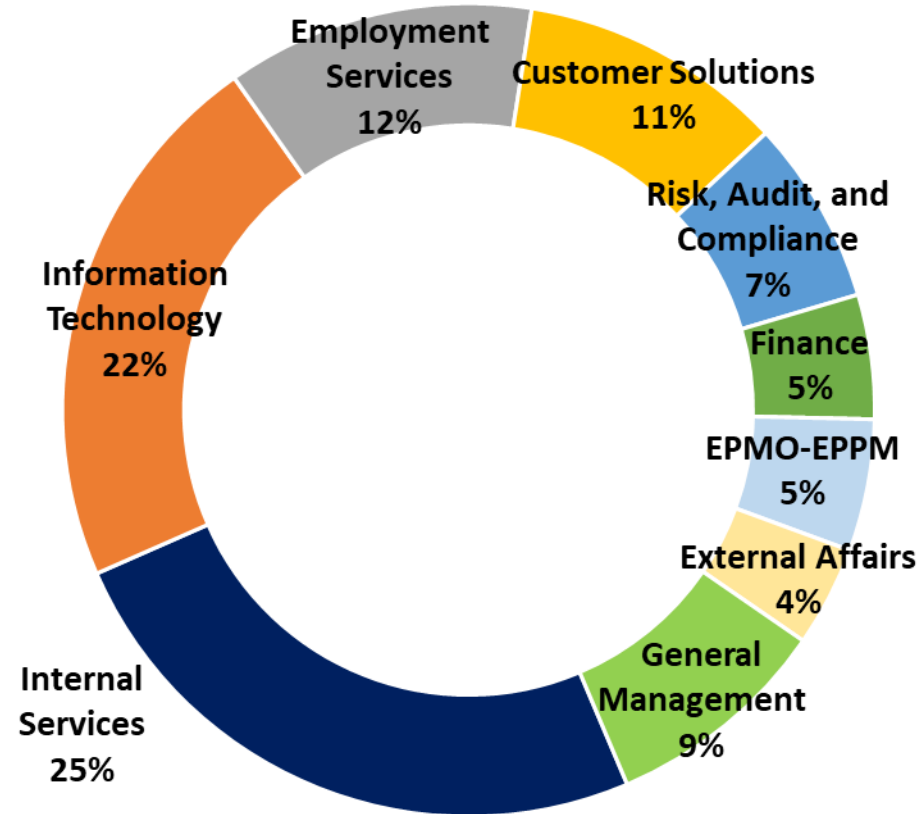
2022 Power Delivery O&M



Cost Type	2022
Labor	\$26.6
Purchased Services	\$3.5
General & Administration	\$0.5
Operating Materials and Equipment	\$3.7
Information Technology	\$0.1
Risk	\$0.0
Transportation	\$0.0
Total	\$34.3

*All figures in millions; non-operational adjustment allocations estimated
Purchased Services includes utilities*

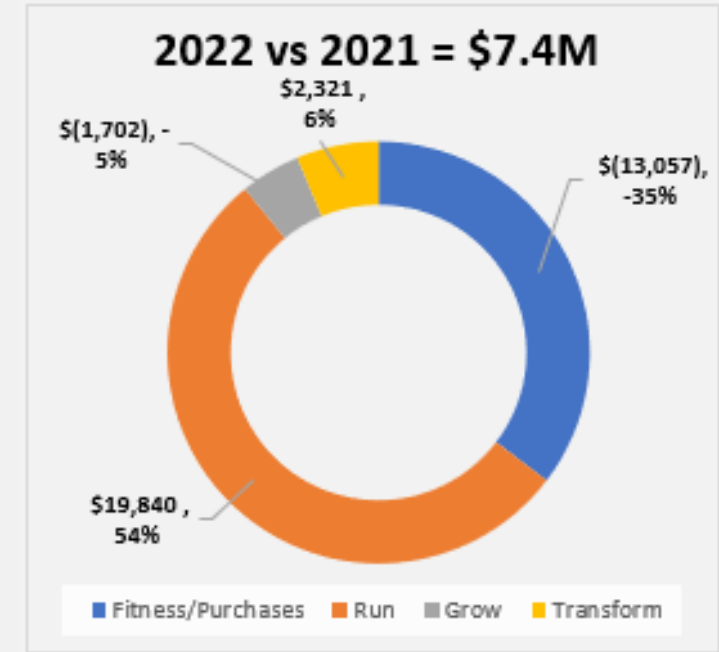
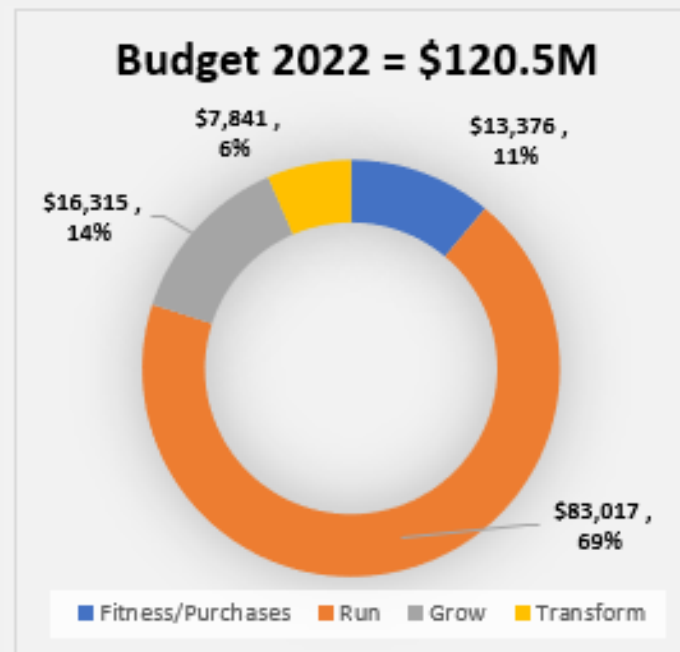
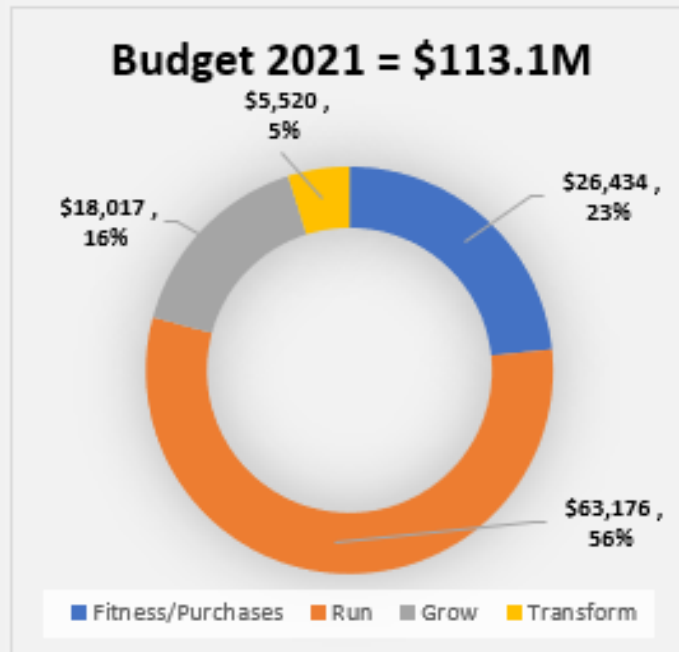
2022 Administrative & General O&M



Cost Type	2022
Labor	\$34.5
Purchased Services	\$15.6
General & Administration	\$3.8
Operating Materials and Equipment	\$1.4
Information Technology	\$5.8
Risk	\$3.0
Transportation	\$2.0
Total	\$66.1

*All figures in millions; non-operational adjustment allocations estimated
Purchased Services includes utilities*

2022 Consolidated Capital Plan



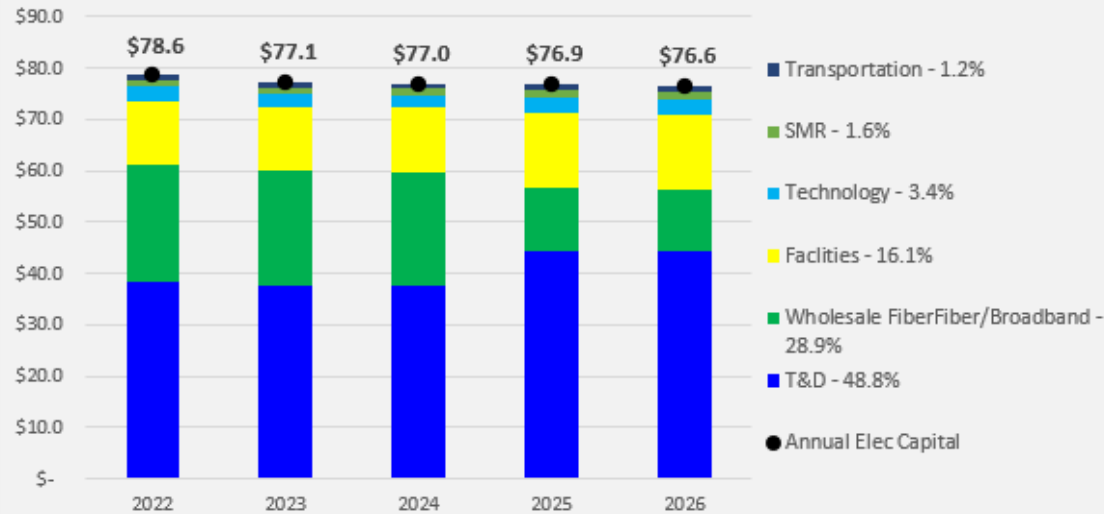
Note: Costs exclude Internal Labor

\$121 Million in 2022

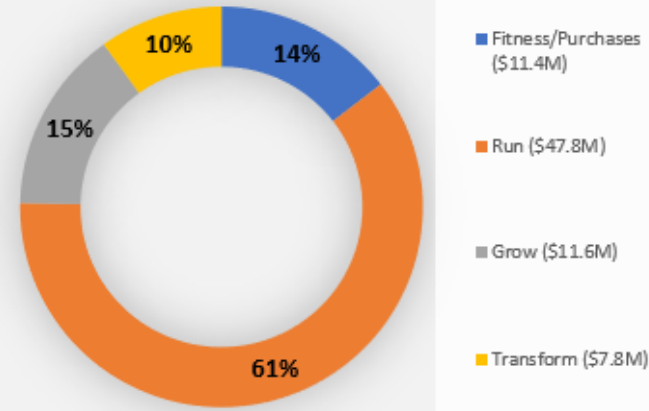
- RUN + Fitness/Purchases (Operate & Maintain): Power Production = \$31.0M (32%) , Power Delivery = \$28.8M (30%), IS/Facilities = \$16.1M (17%), Enterprise Technology = \$1.7M (3%), Fiber/Other = \$18.7M (19%)
- GROW (Enhance & Expand): Power Production = \$4.5M (28%), Power Delivery = \$4.8M (30%), IS/Facilities = \$2.6M (16%), Enterprise Technology = \$0.3M (2%), Fiber/Other = \$4.0 (24%)
- TRANSFORM (Innovate & Drive): Power Production = \$1.3M (16%), Power Delivery = \$6.5M (83%), IS/Facilities = \$0 (0%), Enterprise Technology = \$0 (0%), Fiber/Other = \$0 (0%)

2022 Electric System Capital Plan

Expected ELEC Capital (2022 Dollars, \$M)



Electric System Budget 2022 = \$78.6M



Fiber System

- Included in the Electric system capital plan

Fiber Expansion Project

- 2022-2024 = +\$40.0M

Broadband Customer Connects

- 2022-2026 = +\$25.4M

Electric System Expansion

- Retail growth is significant in Grant County
- To meet this growth, there are:
 - 2 large system expansions: Design Build 2 (DB2) and the Quincy Transmission Expansion Project (QTEP), and
 - 2 customer engagement functions, Large Power Solutions (LPS) and Transmission Interconnections (IQ)

Electric System Capital Plan Characteristics

Concentration of Projects %

- In 2022, 10 projects represent +70% of expected spend of \$79M.

- From 2022-2026, the "Notable" 5 projects represent 22% of expected spend of \$386M.

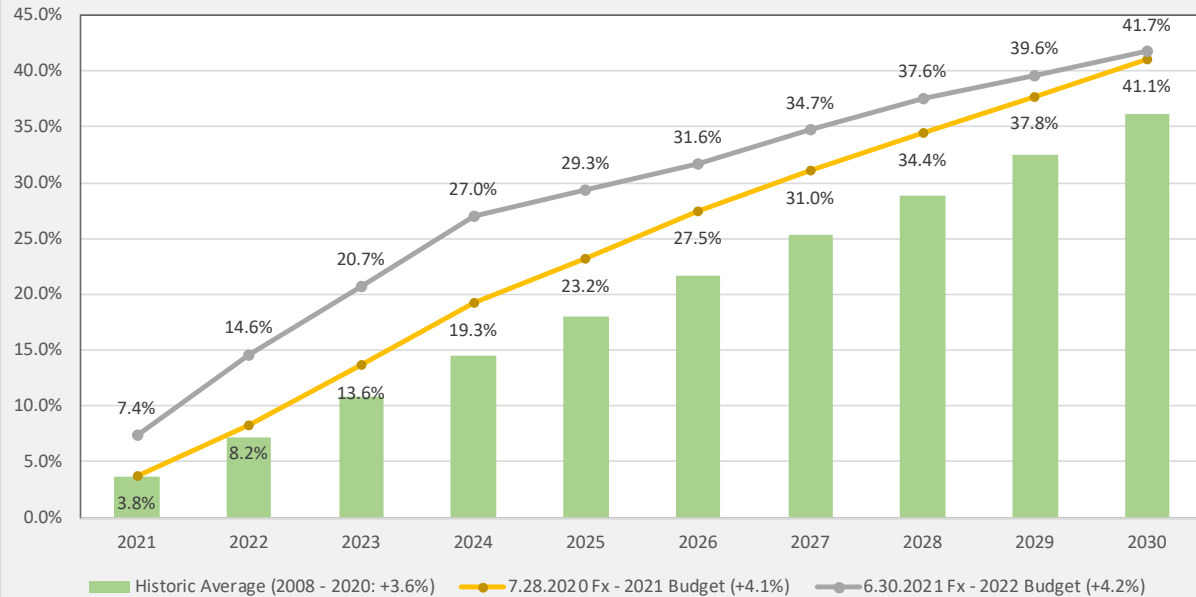
Notable Forecasted Projects

- QTEP WAN MT View 230kV Line: 2022-2026 = \$33.6M
 - QTEP Monument Hill: 2022-2026 = \$15.6M
 - Distribution Feeder Lines: 2022-2026 = \$13.6M
 - QTEP Segment COL RF LAR 230 kV: 2022-2026 = \$12.7M
 - Customer Line Extensions: 2022-2026 = \$10.5M
- DB2: 2022-2026 = \$18.8M [Project Dollars = \$34.0M]
 QTEP: 2022-2026 = \$77.3M [Project Dollars = \$111.4M]
 LPS: 2022-2026 = \$5.8M [Project Dollars = \$37.3M]
 IQ: 2022-2026 = \$13.9M [Project Dollars = \$69.7M]

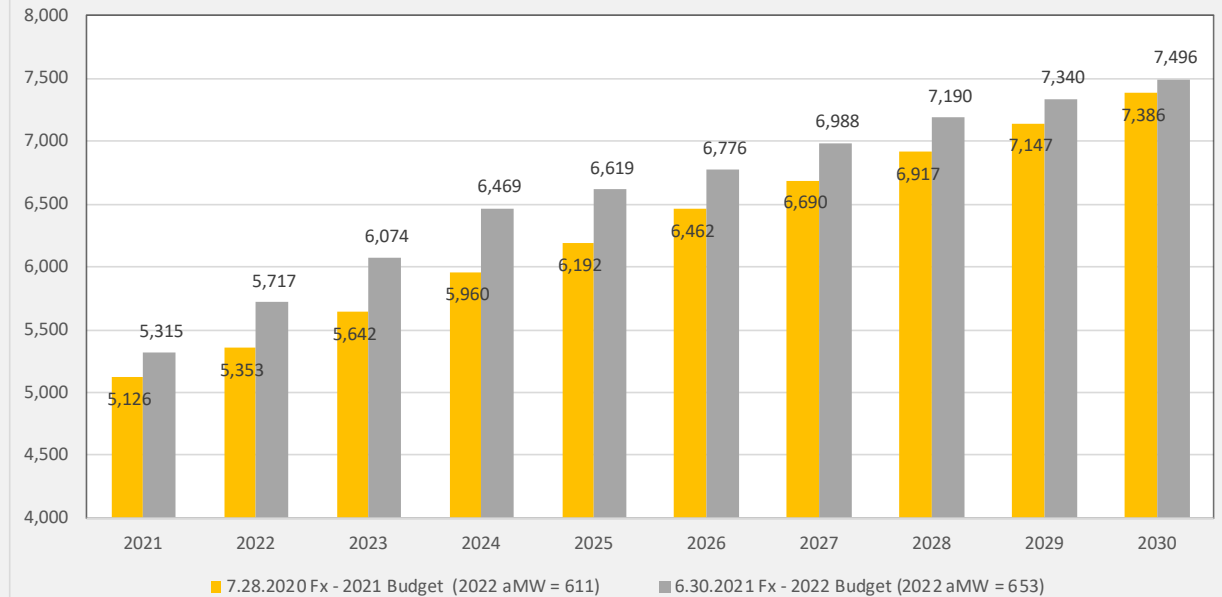
Note: Costs exclude Internal Labor

2022 Electric System Capital Plan – Load Growth

2022 Retail Sales Forecast - Growth Rate %



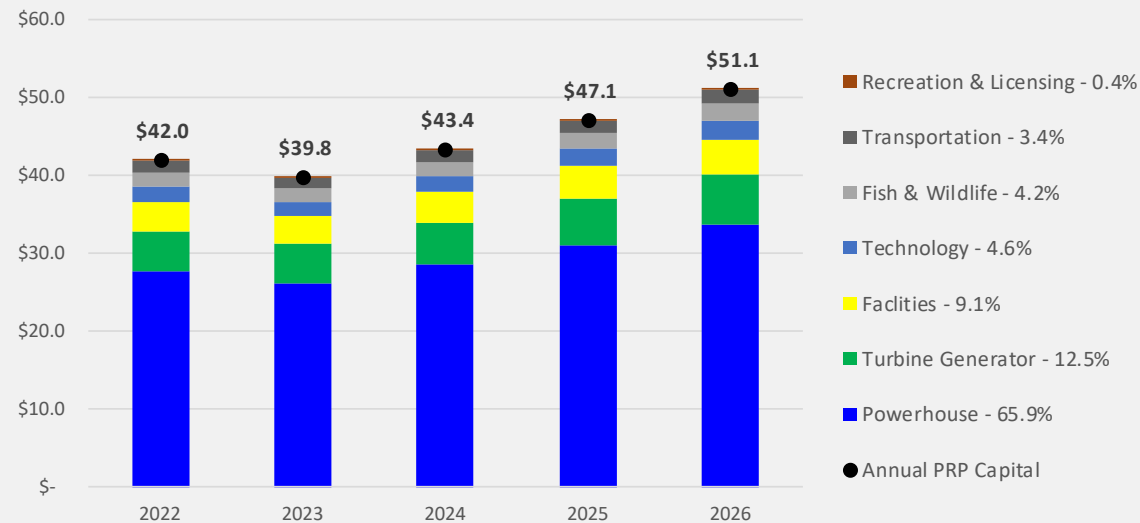
2022 Retail Sales Forecast - GWh



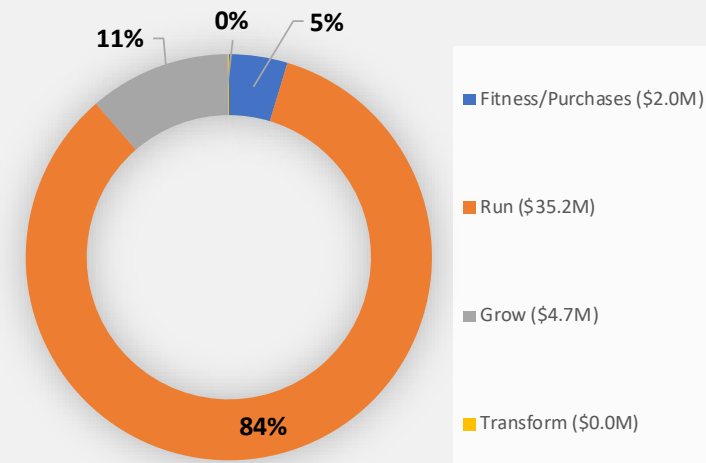
- Forecast over Forecast, for the current year through 2030, load growth rates increase by 0.8%
 - The 2022 growth outpaces the previous forecast by 6.4%
 - By 2030 growth rates nearly intercept at ~+40%
 - 2022 Fx = 4.2% annual growth vs 2021 Fx = 4.1% annual growth
- Expected load growth continues to outpace the historical rate of 3.6%
 - The increasing growth rate is associated with new large customers

2022 Priest Rapids System Capital Plan

Expected PRP Capital (2022 Dollars, \$M)



PRP System Budget 2022 = \$42.0M



Capital allocation between systems

- For most of the recent history, the PRP system has dominated the allocation of capital work.
- This will be reversed for the foreseeable future.

Performance since Q1 2020

- The combination of high project concentration and pandemic's supply-chain impacts have been a drag on project delivery.
- Both the PR Turbine & Generator and the PR Embankment work was delayed in 2020

Priest Rapids Project System Capital Plan Characteristics

Concentration of Projects %

- In 2022, 5 projects represent +90% of expected spend of \$42M.
- From 2022-2026, the "Notable" 5 projects represent 70% of expected spend of \$223M.

Notable Forecasted Projects

- 1- PR Turbine Upgrade: 2022-2026 = \$76.2M
- 2- PR Embankment Improvements: 2022-2026 = \$51.9M
- 3- PR Generator Rewind: 2022-2026 = \$16.9M
- 4- PRP Station & Substation Replace: 2022-2026 = \$6.3M
- 5- Carlton Accl Facility Wells: 2022-2026 = \$2.9M

Note: Costs exclude Internal Labor

Expense Offsets for 2022 Budget

1. Contributions in Aid of Construction.....(\$8.3M)
(Money paid by customers to build infrastructure)
2. Sales to Power Purchasers at Cost.....(\$22.3M)
(As required by our Federal License)
3. Net Power (expenses minus revenue).....(\$81.5M)
(Net of market power purchases and sells)
4. Conservation Loans.....(\$0.1M)
(Money paid back from low-interest
conservation loans to customers)
5. Total Offsets(\$112.3M)
6. **Total Expenses after Offsets.....\$285.3M**

Preliminary Budget Summary – Total Expenditures

<i>Exhibit A - Summary of Budget Items</i>		Budget	Forecast					
\$'s in thousands		2021	2021	2022	2023	2024	2025	2026
TOTAL O&M		143,552	154,585	156,871	162,184	167,123	171,905	178,225
TAXES		18,098	19,318	19,531	20,032	20,832	21,224	21,619
ELECTRIC CAPITAL		73,676	88,177	90,096	89,174	89,363	89,794	89,894
PRP CAPITAL		69,657	51,380	55,348	53,604	57,536	61,625	65,930
DEBT SERVICE (net of rebates)		75,574	74,458	75,689	72,423	74,202	77,357	81,453
TOTAL EXPENDITURES		380,556	387,918	397,535	397,417	409,056	421,905	437,121
Expenditure offsets for deduction								
Contributions in Aid of Construction		(6,478)	(8,918)	(8,295)	(9,480)	(7,910)	(7,128)	(7,133)
Sales to Power Purchasers at Cost		(17,777)	(23,157)	(22,308)	(14,002)	(14,162)	(14,336)	(14,952)
Net Power (+ Expense, - Revenue)		(77,757)	(86,327)	(81,533)	(80,332)	(73,269)	(59,269)	(51,277)
Conservation Loans		(125)	(125)	(125)	(125)	(125)	(125)	(125)
TOTAL EXPENDITURE OFFSETS		(102,137)	(118,527)	(112,261)	(103,939)	(95,466)	(80,858)	(73,487)
TOTAL BUDGETED EXPENDITURES		278,419	269,391	285,274	293,478	313,590	341,048	363,634

Preliminary Budget Summary – Net Position

**Annual Rate
Adjustments
set at 0.1%
beginning 2022

<i>Exhibit B - \$'s in thousands</i>		Budget	Forecast					
CONSOLIDATED OPERATIONAL PERFORMANCE		2021	2021	2022	2023	2024	2025	2026
Sales to Power Purchasers at Cost		17,777	23,157	22,308	14,002	14,162	14,336	14,952
Retail Energy Sales **		211,798	227,289	236,077	249,014	261,286	267,251	273,092
Net Power (Net Wholesale+Other Power Revenue)		77,757	86,327	81,533	80,332	73,269	59,269	51,277
Fiber Optic Network Sales		10,400	10,950	11,150	11,350	11,550	11,750	11,950
Other Revenues		1,453	1,057	2,354	2,354	2,354	2,354	2,354
Operating Expenses		(143,552)	(154,585)	(156,871)	(162,184)	(167,123)	(171,905)	(178,225)
Taxes		(18,098)	(19,318)	(19,531)	(20,032)	(20,832)	(21,224)	(21,619)
Net Operating Income(Loss) Before Depreciation		157,535	174,877	177,021	174,836	174,666	161,831	153,781
Depreciation and amortization		(76,092)	(75,857)	(75,086)	(77,259)	(79,705)	(82,551)	(86,454)
Net Operating Income (Loss)		81,443	99,020	101,935	97,577	94,961	79,280	67,326
Other Revenues (Expenses)								
Interest, debt and other income		(40,239)	(38,721)	(34,019)	(33,640)	(31,900)	(31,518)	(33,512)
CIAC		6,478	8,918	8,295	9,480	7,910	7,128	7,133
Change in Net Position		47,682	69,216	76,211	73,417	70,971	54,890	40,948

Preliminary Budget Summary – Key Metrics

		Budget	Forecast					
	Target	2021	2021	2022	2023	2024	2025	2026
NET INCOME		47,682	69,216	76,211	73,417	70,971	54,890	40,948
LIQUIDITY (measured at year end)								
Elect System Liquidity (Rev + R&C)	\$105 MM	109,858	112,593	114,503	116,886	119,870	123,460	127,161
Excess Liquidity		102,660	48,923	25,459	387	149	179	207
Days Cash On Hand	> 250	412	324	344	284	280	280	278
LEVERAGE								
Consolidated DSC	>1.8x	2.10	2.37	2.40	2.36	2.44	2.23	2.05
Consolidated Debt/Plant Ratio	≤ 60%	52%	49.8%	46.9%	45.0%	44.4%	44.6%	45%
PROFITABILITY								
Consolidated Return on Net Assets	>4%	2.0%	3.0%	3.2%	3.0%	2.9%	2.2%	1.6%
Retail Operating Ratio	≤ 100%	116%	111%	108%	108%	106%	107%	109%

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Appendix A - Scenarios

*Events that could have a
significant impact on budget*



Operational Scenario Descriptions

6 Scenarios – Covering **Wholesale Price** impacts, **Retail Sales**, and **Water Risk**

- These are the large volatile parts of Grant PUD operations

Wholesale Prices – Scenarios that provide insight on Grant PUD's exposure to wholesale prices

- Specifically, buying/selling on the wholesale market when Grant's resources don't match requirements
 - 1) High wholesale prices (P85, prices only higher 15% of time)
 - 2) Low wholesales prices (P15, prices only lower 15% of time)

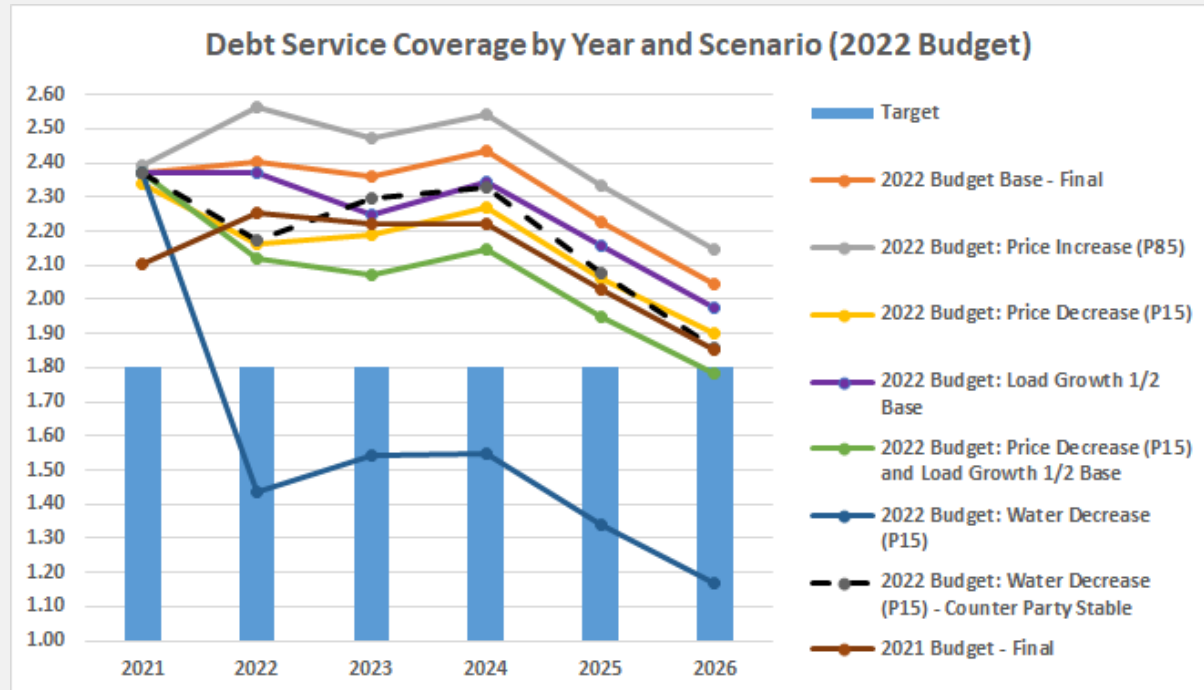
Retail Sales – Scenarios that show how Grant PUD's financial metrics respond when the growth of retail electricity sales to customers slows

- 3) Low load growth ($\frac{1}{2}$ growth rate of base forecast)
- 4) Low load growth combined with low wholesale prices (P15)

Water Risk – Scenarios that provide the impact of changing water conditions on the Columbia River

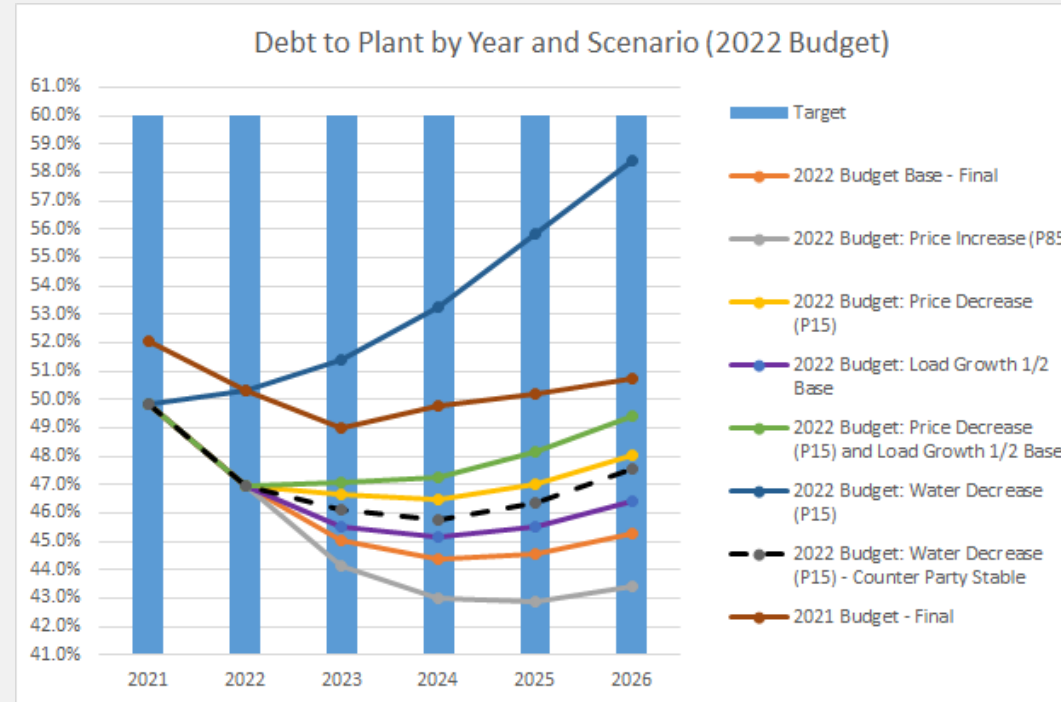
- 5) Low water (P15, water flow at dams only lower 15% of the time) Isolated
- 6) Low water and Counter Party Stable

Operational Scenarios – Comparison to Base Budget



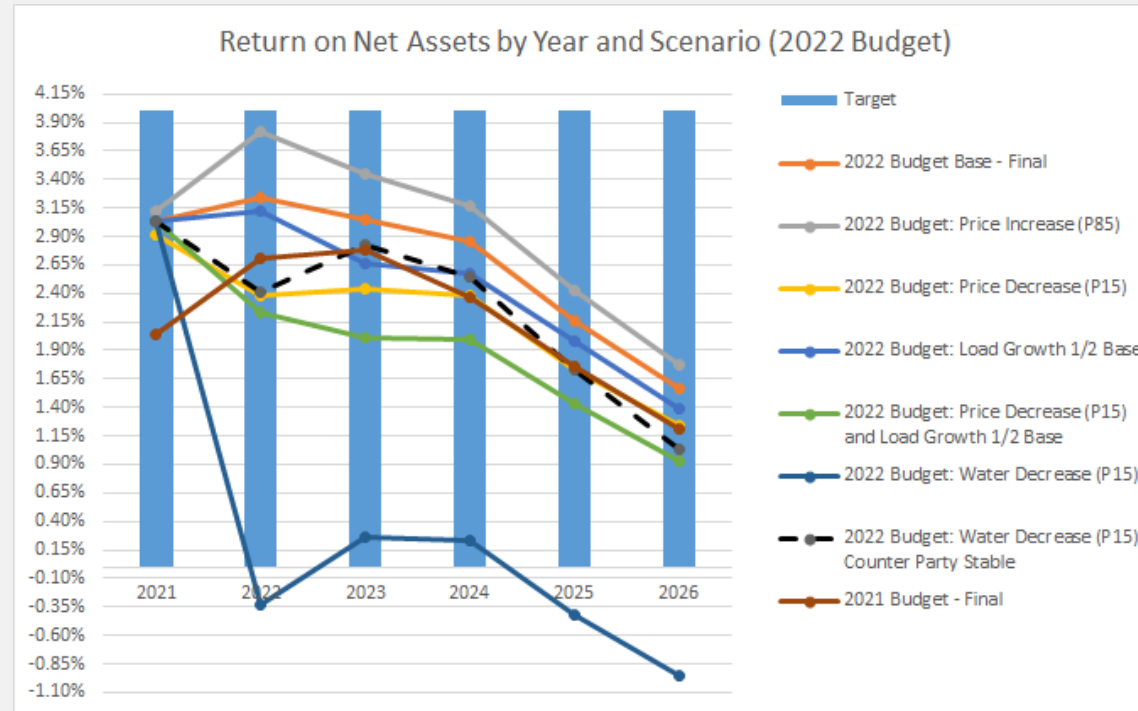
Debt Service Coverage (DSC)	2021	2022	2023	2024	2025	2026
Target	1.80	1.80	1.80	1.80	1.80	1.80
2022 Budget Base - Final	2.37	2.40	2.36	2.44	2.23	2.05
2022 Budget: Price Increase (P85)	2.39	2.56	2.47	2.54	2.33	2.15
2022 Budget: Price Decrease (P15)	2.34	2.16	2.19	2.27	2.06	1.90
2022 Budget: Load Growth 1/2 Base	2.37	2.37	2.25	2.34	2.16	1.97
2022 Budget: Price Decrease (P15) and Load Growth 1/2 Base	2.37	2.12	2.07	2.15	1.95	1.78
2022 Budget: Water Decrease (P15)	2.37	1.43	1.54	1.55	1.34	1.17
2022 Budget: Water Decrease (P15) - Counter Party Stable	2.37	2.17	2.30	2.33	2.08	1.86
2021 Budget - Final	2.10	2.25	2.22	2.22	2.03	1.86

Operational Scenarios – Comparison to Base Budget



Debt to Net Plant	2021	2022	2023	2024	2025	2026
Target	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
2022 Budget Base - Final	49.8%	46.9%	45.0%	44.4%	44.6%	45.3%
2022 Budget: Price Increase (P85)	49.8%	46.9%	44.1%	43.0%	42.9%	43.4%
2022 Budget: Price Decrease (P15)	49.8%	46.9%	46.6%	46.5%	47.0%	48.0%
2022 Budget: Load Growth 1/2 Base	49.8%	46.9%	45.5%	45.2%	45.5%	46.4%
2022 Budget: Price Decrease (P15) and Load Growth 1/2 Base	49.8%	46.9%	47.1%	47.3%	48.1%	49.4%
2022 Budget: Water Decrease (P15)	49.8%	50.3%	51.4%	53.3%	55.8%	58.4%
2022 Budget: Water Decrease (P15) - Counter Party Stable	49.8%	46.9%	46.1%	45.7%	46.3%	47.6%
2021 Budget - Final	52.0%	50.3%	49.0%	49.8%	50.2%	50.7%

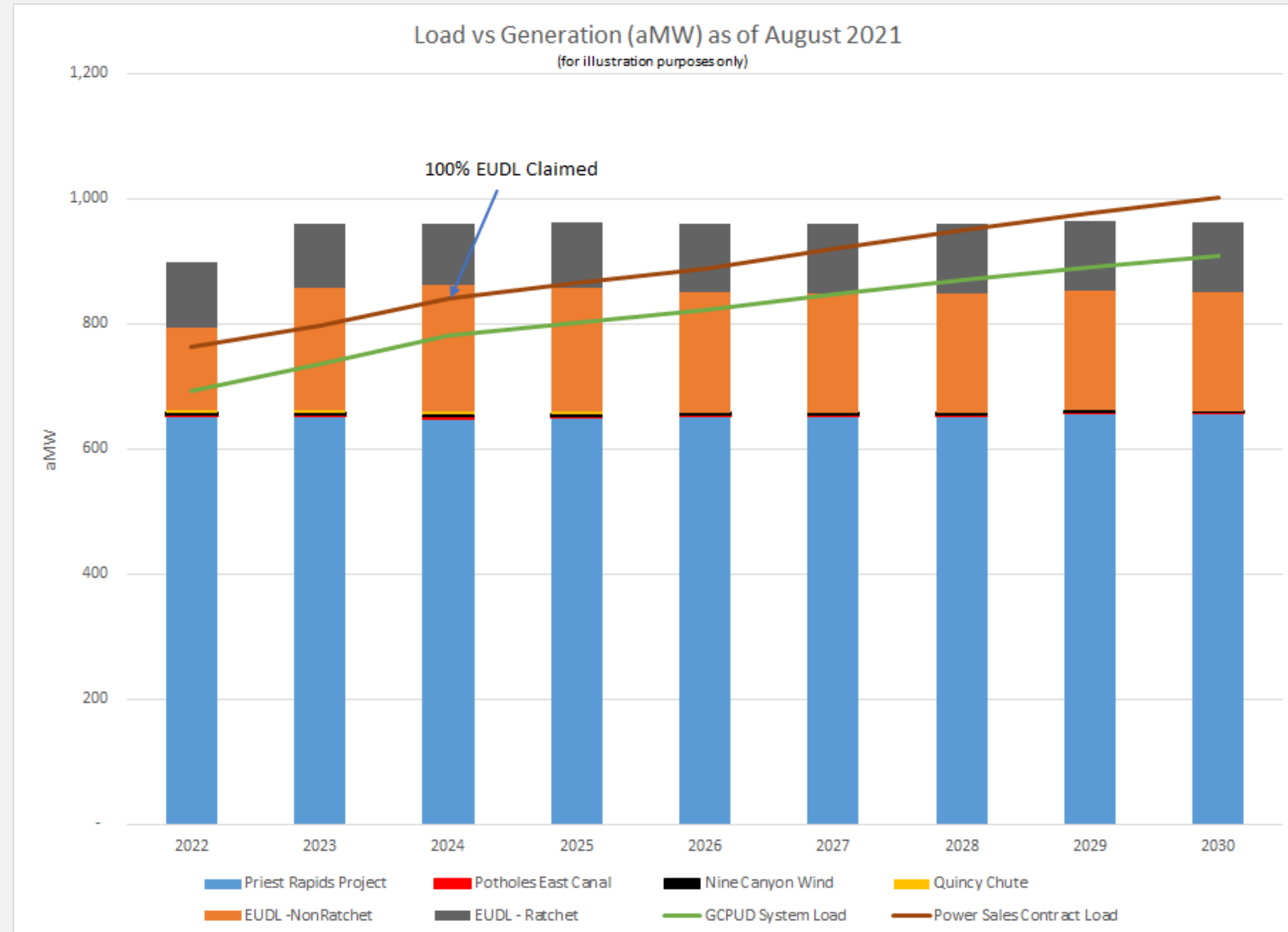
Operational Scenarios – Comparison to Base Budget



Return on Net Assets (RONA)	2021	2022	2023	2024	2025	2026
Target	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
2022 Budget Base - Final	3.04%	3.25%	3.04%	2.86%	2.15%	1.56%
2022 Budget: Price Increase (P85)	3.12%	3.82%	3.45%	3.17%	2.42%	1.77%
2022 Budget: Price Decrease (P15)	2.92%	2.38%	2.44%	2.38%	1.73%	1.24%
2022 Budget: Load Growth 1/2 Base	3.04%	3.13%	2.66%	2.58%	1.98%	1.39%
2022 Budget: Price Decrease (P15) and Load Growth 1/2 Base	3.04%	2.23%	2.02%	2.00%	1.43%	0.92%
2022 Budget: Water Decrease (P15)	3.04%	-0.34%	0.26%	0.23%	-0.42%	-0.96%
2022 Budget: Water Decrease (P15) - Counter Party Stable	3.04%	2.41%	2.83%	2.54%	1.73%	1.03%
2021 Budget - Final	2.04%	2.70%	2.78%	2.37%	1.76%	1.21%

Operational Scenarios – Priest Rapids Remaining Availability Load Growth

- Grant's total rights (physical and financial) to the project are exhausted in 2024
- Grant County retail customers' loads won't surpass expected project capabilities until after 2030



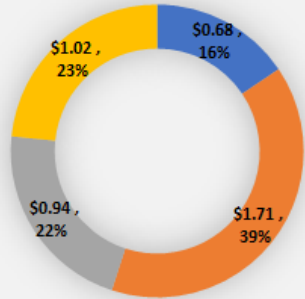
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Appendix B – Capital Plan Details

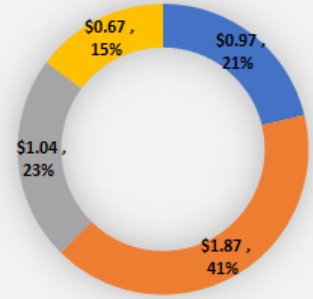


2022 Capital Plan – Technology

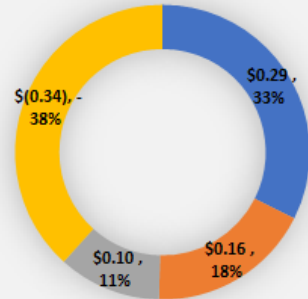
Budget 2021* = \$4.34M



Budget 2022* = \$4.55M



2022 vs 2021 = \$0.21M



Technology Capital Plan Characteristics

Work Type Breakdown

- Transform work declines relative to 2021 estimates (-\$0.3M), while Operational (+\$0.45M) and Grow (+\$0.1M) work drives the overall increase

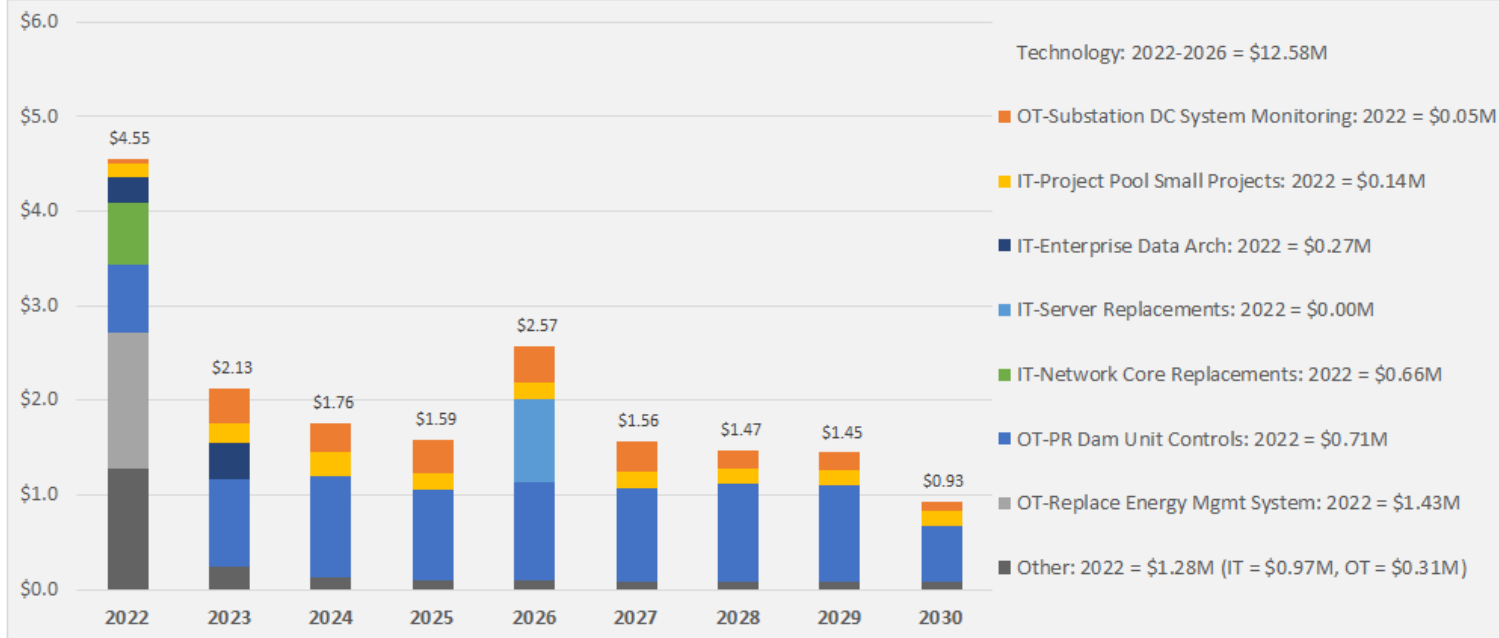
Concentration Projects %

- In 2022, 5 projects represent +75% of expected spend of \$4.3M.
- From 2022-2026, the "Notable" 5 projects represent +75% of expected spend of \$12.6M.

Notable Forecasted Projects

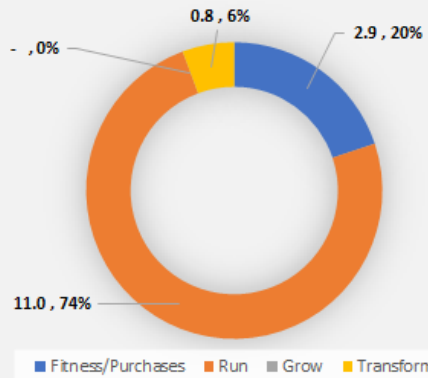
- 1- OT-PR Dam Unit Controls: 2022-2026 = \$4.70M
 - 2- OT-Substation DC System Monitoring: 2022-2026 = \$1.44M
 - 3- OT-Replace Energy Mgmt System: 2022-2026 = \$1.43M
 - 4- IT-Project Pool Small Projects: 2022-2026 = \$0.98M
 - 5- IT-Server Replacements: 2022-2026 = \$0.89M
- Supply Chain/CFS: 2022-2026 = \$0.1M [Project Dollars = \$10.7M]

* Run/Grow/Transform estimated for 2021 \$s 2022 OT \$s

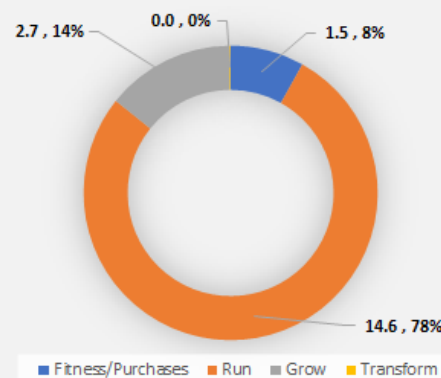


2022 Capital Plan – Internal-Services/Facilities

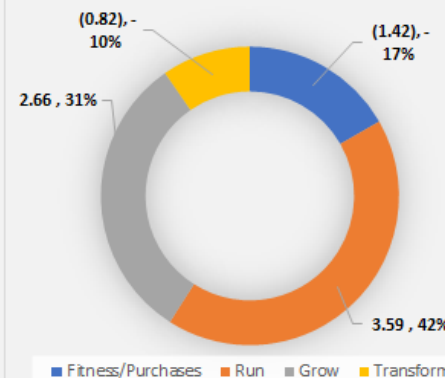
Budget 2021 = \$14.8M



Budget 2022 = \$18.8M



2022 vs 2021 = \$4.0M



IS/Facilities Capital Plan Characteristics

Work Type Breakdown

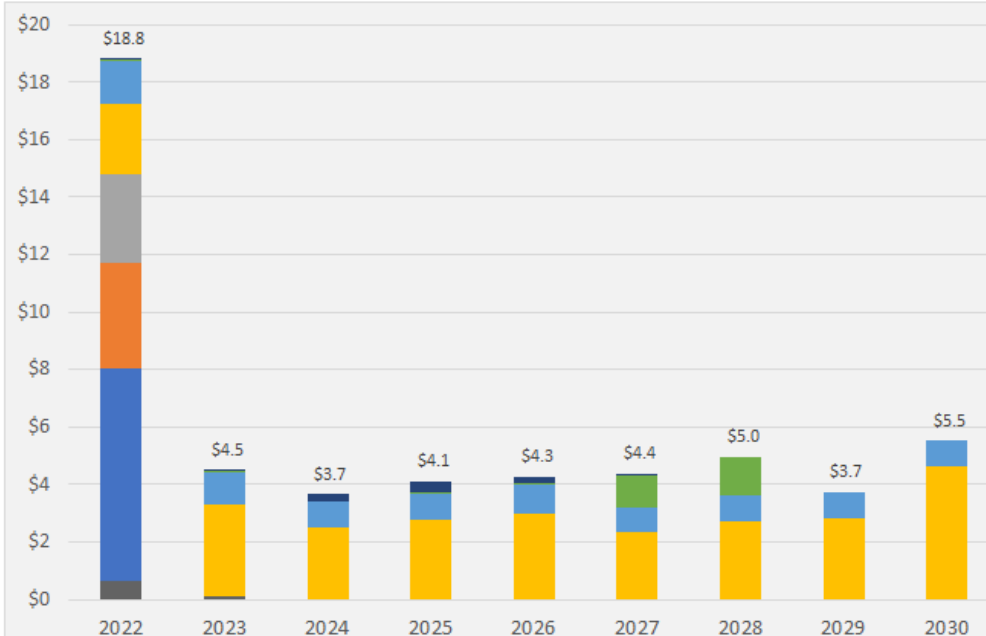
- Significant increase in Run/Grow of +\$6.3M offset with some reductions in Fitness/Purchases & Transform of -\$2.2M

Concentration of Projects %

- In 2022, 3 projects represent +70% of expected spend of \$19M.
- From 2022-2026, the "Notable" 5 projects represent +80% of expected spend of \$100M.

Notable Forecasted Projects

- 1- Fleet Replacement Program: 2022-2026 = \$13.9M
 - 2- ESC Facility Improvements: 2022-2026 = \$7.4M
 - 3- Facility Capital Improvement Pool: 2022-2026 = \$5.4M
 - 4- EHQ Remodel Reconfiguration Plan: 2022-2026 = \$3.7M
 - 5- MLSC Facility Improvements: 2022-2026 = \$3.1M
- MLSC: 2022-2026 = \$3.1M [Project Dollars = \$5.5M]
 ESC: 2022-2026 = \$7.4M [Project Dollars = \$14.5M]
 EHQ: 2022-2026 = \$3.7M [Project Dollars = \$5.8M]
 PD: 2022-2026 = \$0.9M [Project Dollars = \$112.0M]

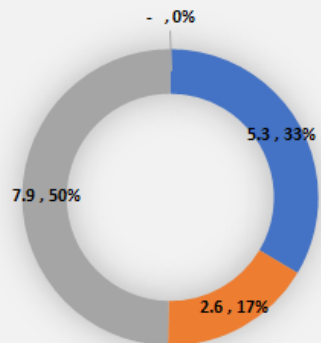


IS/Facilities: 2022-2026 = \$35.4M

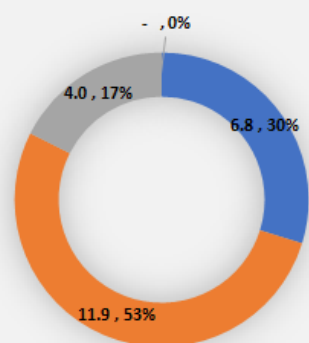
- PD Central Service Center: 2022 = \$0.0M
- District Facilities Master Pl: 2022 = \$0.1M
- Facility Capital Improvement Pool: 2022 = \$1.5M
- Fleet Replacement Program: 2022 = \$2.4M
- MLSC Facility Improvements: 2022 = \$3.1M
- EHQ Remodel Reconfiguration Plan: 2022 = \$3.7M
- ESC Facility Improvements: 2022 = \$7.4M
- Other: 2022 = \$0.6M

2022 Capital Plan – Fiber / Other

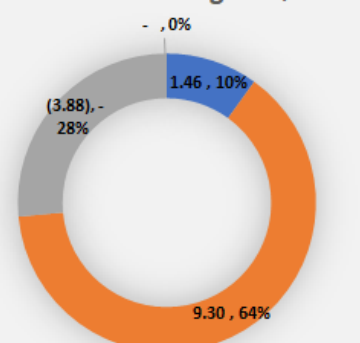
Budget 2021 = \$15.8M



Budget 2022 = \$22.7M



Current vs Budget = \$6.9M



Fiber/Other Capital Plan Characteristics

Work Type Breakdown

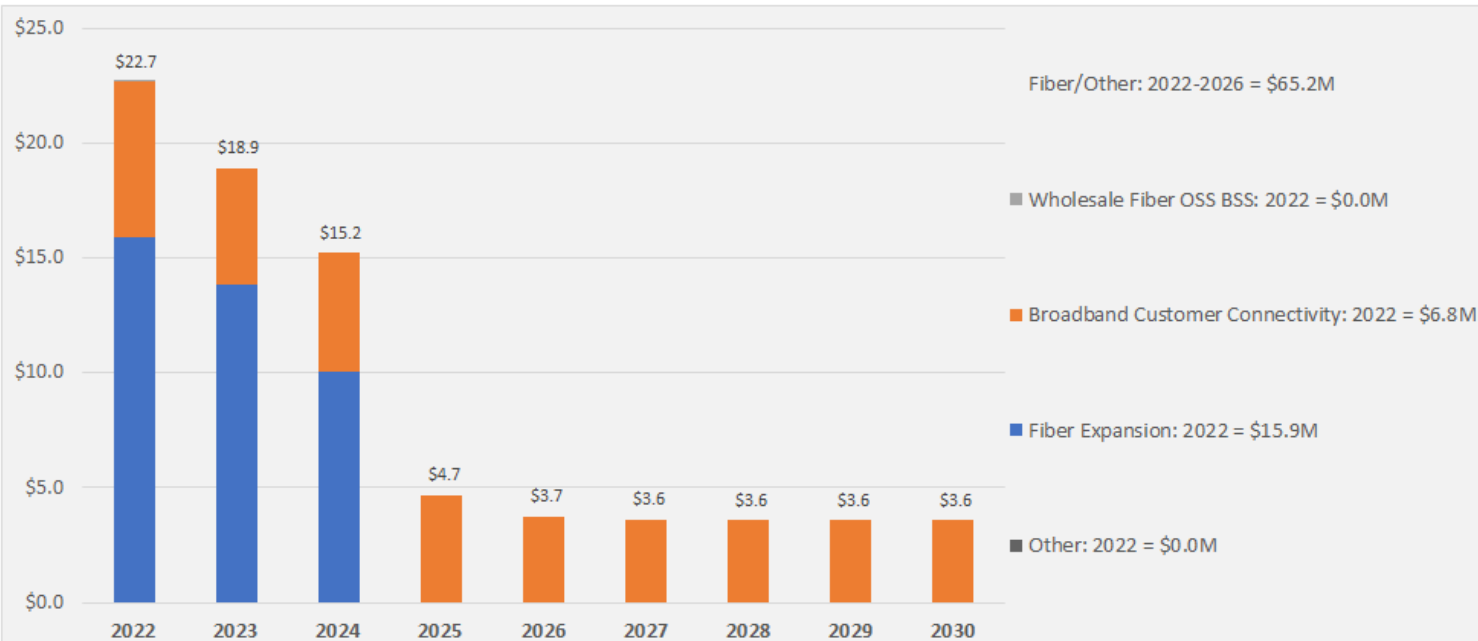
- Operational work (Run + Fitness/Purchase at +\$10.8M) work drives the +\$7M increase between 2022 and 2021

Concentration Projects %

- In 2022, Fiber Expansion represents +70% of expected spend of \$22.7M.
- From 2022-2026, Fiber Expansion represents +60% of expected spend of \$65M.

Notable Forecasted Projects

- 1- Fiber Expansion: 2022-2026 = \$39.8k
- 2- Broadband Customer Connectivity: 2022-2026 = \$25.4k
- 3- Wholesale Fiber OSS BSS: 2022-2026 = \$0.0k





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