# **Ethics Policy Update**

January 11, 2021

Dave Churchman



Powering our way of life.

## **Overview**

#### Updated Code of Ethics Policy - what's new?

- Updated language in Code of Ethics Policy HR-SOC-POL-540
- Updated language in Ethics Committee Policy HR-SOC-POL-541
- Requires written disclosure of potential conflict of interest.
   Planning on using PolicyTech.



# **Policy Overview**

- Who does this apply to?
  - All employees, Officers, and Commissioners.
- Are there any additional requirements not covered in the Policy?
  - Yes. RCW 42.23, Code of Ethics for Municipal Officers.
- Who provides oversight of Ethics Policy?
  - Ethics Officer and 3 Person Ethics Committee
    - Ethics Officer: Appointed by GM
    - Darla Stevens, Sr. Manager Human Resources
    - Dmitriy Turchik, Manager Internal Audit
    - Mitch Delabarre, Chief Legal Officer



#### • Records:

 Must accurately prepare records such as timesheets and statements of expense.

#### Confidentiality:

 Required to maintain confidentiality of confidential information such as non-public information harmful to PUD if disclosed, supplier/customer information.

#### • Funds:

 Credit Cards/Accounts Payable/Payroll – expenditures shall be reasonable, and amounts are justifiable and proper.



#### Company Assets:

- PUD property shall not be sold, used for personal benefit, loaned, given away, intentionally damaged or destroyed.
- Disposition of property must be in accordance with surplus property policy and procedures. Employees engaged in this decision/approval process shall not directly or indirectly bid or purchase such surplus property.
- Employees prohibited from purchasing utility property used by the department in which they work.
- Includes proprietary information such as intellectual property, designs, payroll data, unpublished financial information...



#### • Procurement:

 Employees responsible for procurement or control over project specifications shall not benefit from procurement or accept compensation or gratuity.

#### • Gifts:

 Employees shall not accept gifts or favors from an existing or prospective supplier. Exceptions for delivered food, items of a nominal value such as hats and calendars.

#### Entertainment & Hospitality:

• Can't accept tickets, hotel accommodations, or other favors from customer, current or prospective suppliers, or those that could substantially benefit from employee official duty.



#### Use of Position:

- Can not use employment for private gains, favor, or advantage.
- Give preferential treatment
- Impede utility efficiency
- Adversely impact the confidence of public in the integrity of Grant PUD

#### Post Employment Representation:

 Employee shall not accept employment or engage in business activity that requires the employee to disclose confidential PUD information.



#### Gambling:

 Prohibited on PUD property and/or during work time. Risking something with agreement or receiving something of value in event of an outcome. Includes raffles or sports pools.

#### Recording Private Conversations:

 Prohibited and may violate state criminal law unless done with consent of all parties.



#### **Conflict of Interest:**

- Exists when an employee's personal interests have influenced or may influence PUD transactions or operations or that these interests take precedence over the interests, goals, or mission of the PUD.
- May arise from employee, a spouse/partner, family member, business interest, or associate.
- Employees are required to submit a written disclosure at the point in time when a potential conflict of interest arises.



#### **Potential Conflicts of Interest:**

- Potential or existing business relationship/ownership or compensation from an entity that is conducting business with the PUD.
- Legal matter impacting employee's ability to perform role.
- Simultaneous employment with another party with a connection to PUD activity.
- Divulging confidential or privileged information to a civic, professional, or other organization or business interest.



#### Potential Conflicts of Interest Involving Relatives

PUD may not hire relatives of current employees when there is a conflict of interest such as:

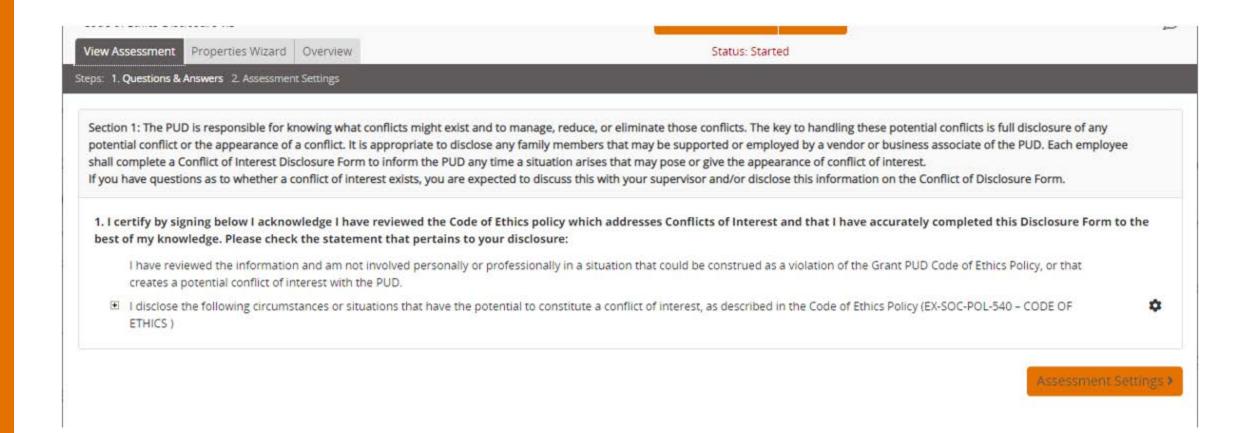
- Employment would violate RCW Chapter 42.23
- Relative or spouse of PUD employee with authority to supervise, appoint, remove, discipline, or audit work
- Reasonably foreseeable potential for conflict of interest between employee and relative or spouse
- Necessary for officers to avoid appearance of improper influence or to protect PUD confidentiality



#### If a potential conflict of interest exists:

- Notify your supervisor
- Fill out a disclosure form (Anticipate using PolicyTech)
- If uncertain err on the side of caution
- PUD Ethics Committee will review, track, and respond to all conflict notifications.
  - If the situation is determined to not be a conflict of interest the employee will be notified
  - If a conflict or potential conflict of interest exists, the committee will recommend mitigation







# **Reporting and Violation of Policy**

#### Reporting Violations of the Ethics Policy:

• Employees are required to report suspected violations of this policy to their supervisor



## **Roll out Plan**

#### Rollout plan

- Commission Workshop Presentation
- Once Ethics Policy is approved by Commission
  - Leadership information sessions to review
  - GM Forum
  - Systemwide Email Communication
  - Employee training in LMS
  - Policy Tech attestation of review and disclosure of any potential conflicts
  - Annual Ethics Training in Q1



# Thank You





# 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 Business Review



#### Safety

- Recordable incidents = 0
- Non-recordable incidents = 1
- Safety meeting attendance = 100%
- Job Briefs = 117
- Job Site Reviews = 19
- Regulatory Review
  - FERC filings by Grant PUD = 3
  - Filings by third-parties = 13
  - FERC approvals/orders/notices = 9
  - Summary of filings:
    - GPUD request to rescind Vantage marina nonproject use approval
    - Bulk of third-party filings from P. Kelleher
    - FERC letters addressing P. Kelleher requests and denying rehearing

# Lands Services, Permitting and GIS Support

- Wholesale Fiber and Power Delivery QTEP, DB2, Invenergy/Big Bend, Sabey, and fiber expansion projects
- Power Production Priest Rapids Right Embankment project; Crescent Bar residential lease management; and Dam Safety, Cultural Resources, and Environmental Affairs monitoring and permitting activities
- Internal Services ongoing property assessments/appraisals and lease support
- **<u>Districtwide</u>** retooling project review/permitting processes

# License Implementation – Shoreline Management

- Ongoing and regular encroachment and land-use authorization monitoring
- Making headway on encroachments through communication and education
- Vantage marina Phase I removal
- Processing Sunland West Cove Dock permit

# License Implementation - Parks and Recreation

- Year 2 of managing parks under COVID protocols
- Increased security presence (added GCSO enforcement)
- Renewed 5-year Crescent Bar O&M contracts through RFP process
- Concessionaire management
- Ongoing expansion of crew duties (vegetation management, encroachment removals)
- Priest Rapids boat basin dredge design/permitting
- Recreation monitoring activities



# Operating Unit EB - Power Production Section EB43 - PP Lic Comp & Land...



Gross Actuals Vs. Budget

\$3.1M -25.1%



Capital Labor Actuals Vs. Budget

\$206.9K -43.1%

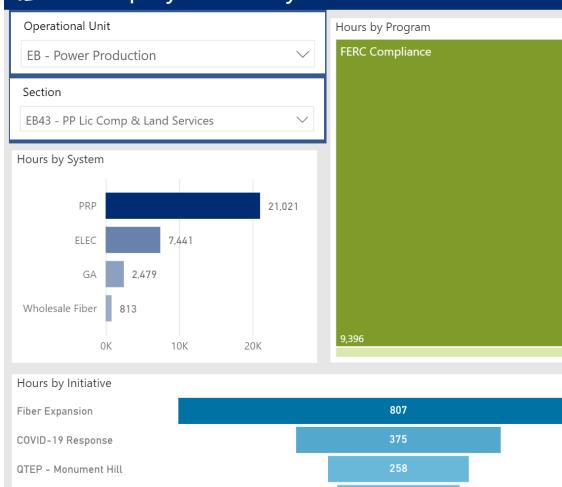


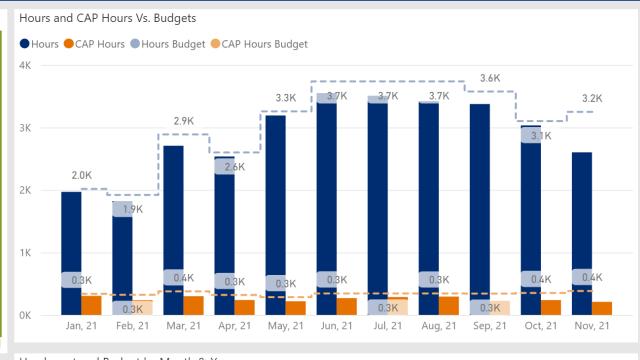
Net Actuals Vs. Budget

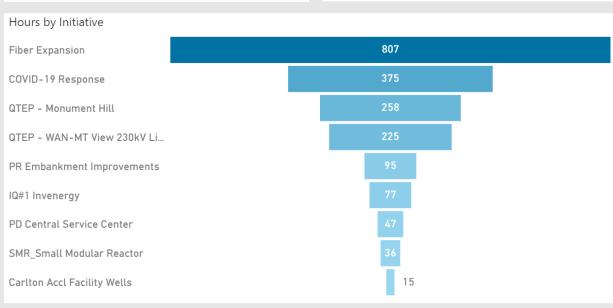
\$2.9M -23.4%

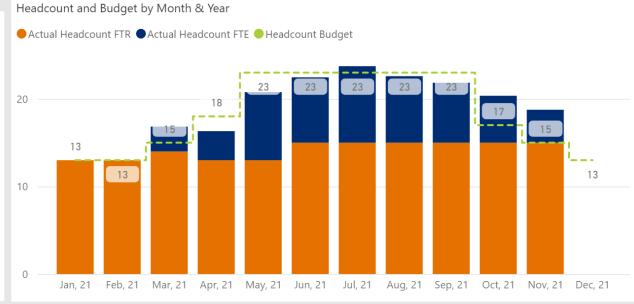


Cost Category Type/Cost Category	Budgeted	Actuals	Budget Var	Budget Var %	Consumed %	
☐ Labor	\$2,289,940	\$2,215,694	-\$74,246	-3.2%	96.8%	
Salaries & Wages	\$1,375,344	\$1,415,922	\$40,578	3.0%	103.0%	
Benefits	\$868,670	\$759,000	-\$109,671	-12.6%	87.4%	
Overtime	\$26,431	\$20,400	-\$6,031	-22.8%	77.2%	
Other Labor	\$19,495	\$20,372	\$877	4.5%	104.5%	
<b>⊞</b> Purchased Services	\$1,697,957	\$773,751	-\$924,206	-54.4%	45.6%	
<b>⊞</b> Operating Materials & Equipment	\$130,817	\$75,760	-\$55,057	-42.1%	57.9%	
⊕ Utilities	\$54,350	\$13,673	-\$40,677	-74.8%	25.2%	
⊕ <b>G&amp;A</b>	\$26,710	\$59,042	\$32,333	121.1%	221.1%	
± IT		\$3,719				
⊕ Risk		\$3,050				
<b>⊞</b> Transportation		\$18				
Total	\$4,199,773	\$3,144,707	-\$1,055,066	-25.1%	74.9%	







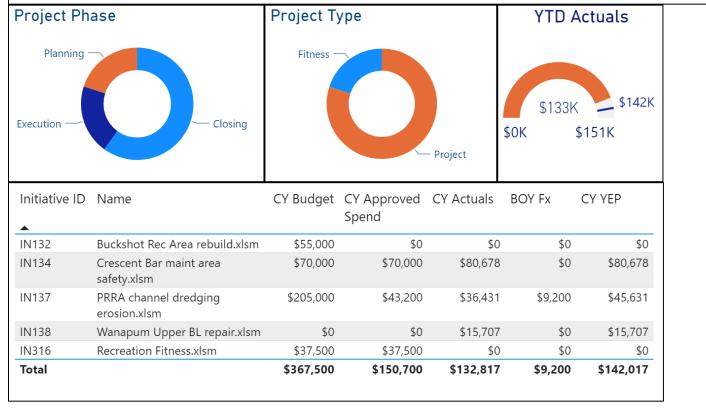




#### **Capital Budget Versus Actuals**

#### EB43 - PP LC & LSP QBR Year-to-Date Nov, 2021

Initiative ID	Name	CY Scope	CY S	chedule	CY Price	CY Variance	TP Scope T	P Schedule	TP Price	TP Variance
IN132	Buckshot Rec Area rebuild.xlsm	$\circ$	\$0 🔘	\$0 🔘	\$0	\$0 🔘	\$0 🔘	\$0 🔘	\$0 🔘	\$0
IN134	Crescent Bar maint area safety.xlsm		\$0	\$0	\$10,678	\$10,678	\$0 🔘	\$0	\$10,678	\$10,678
IN137	PRRA channel dredging erosion.xlsm		\$0	\$2,431	\$0	\$2,431	\$0	\$0	\$0 🔘	\$0
IN138	Wanapum Upper BL repair.xlsm	$\circ$	\$0	\$15,707	\$0	\$15,707	\$0 🔘	\$0	\$0	\$15,707
IN316	Recreation Fitness.xlsm	0	\$0 🔘	\$0 🔘	\$0	(\$37,500)	\$0 🔘	\$0 🔘	\$0	(\$37,500)
Total			\$0	\$18,138	\$10,678	(\$8,683)	\$0	\$0	\$10,678	(\$11,114)



# Crescent Bar Financials – 2020 Expenses/Revenues Actuals

2020 Crescent Bar - Actual Expenses and Revenues						
	CWMG Expenses	KARE Solutions Expenses	Grant PUD Direct Expenses	Total Expenses	Total Revenues	
Campground and day-use areas	\$339,604			\$339,604	\$409,136	
Marina & fuel	\$63,530		\$72,440	\$135,970	\$170,358	
Golf course	\$407,447			\$407,447	\$134,756	
CWMG admin, overhead, etc.*	\$285,377			\$285,377	7	
Non-CWMG O&M (public works repairs, security, office trailer rental)			\$136,888	\$136,888	3	
Grant PUD staff labor (L&R, LRMs, other)			\$112,155	\$112,155	5	
Water/wastewater system O&M		\$140,190		\$140,190		
Special events					\$9,214	
Total 2020	\$1,095,958	\$140,190	\$321,483	\$1,557,631	\$723,464	

<sup>\*</sup>excludes taxes

# Crescent Bar Financials – 2021 Expenses/Revenues Estimates

2021 Crescent Bar - Estimated Expenses and Revenues						
	CWMG Expenses	KARE Solutions Expenses	Grant PUD Direct Expenses	Total Expenses	Total Revenues	
Campground and day-use areas	\$359,045			\$359,045	\$359,916	
Marina & fuel	\$71,960		\$72,993	\$144,960	\$159,262	
Golf course	\$501,792			\$501,792	\$184,900	
CWMG admin, overhead, etc.*	\$330,504			\$330,504	1	
Non-CWMG O&M (public works repairs, security, office trailer rental)			\$194,357	\$194,357	7	
Grant PUD staff labor (L&R, LRMs, other)			\$72,276	\$72,276	5	
Water/wastewater system O&M		\$159,173	\$13,473	\$172,646	5	
Special events					\$17,084	
Total 2021	\$1,263,301	\$159,173	\$353,106	\$1,775,580	\$721,162	

<sup>\*</sup>excludes taxes

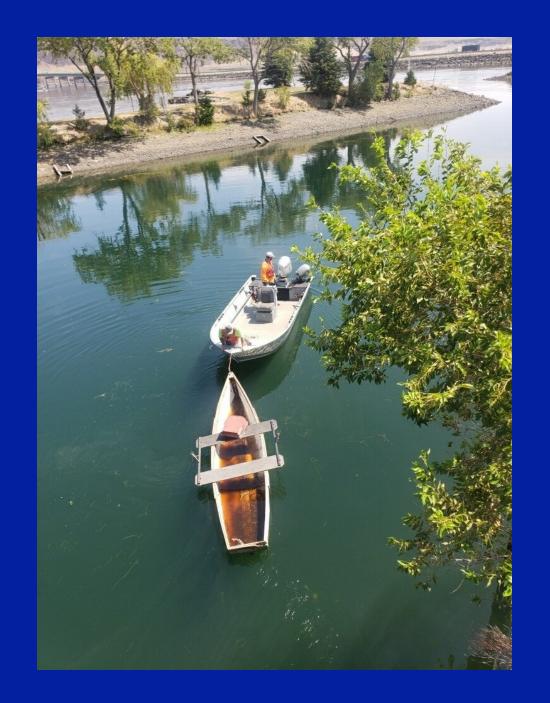
## Crescent Bar Financials – 2021 Revenues

#### **2021 Crescent Bar – Residential Lease-Related Revenues**

	Total Revenues
Leases (rent and utilities)	\$1,448,975
Water/wastewater system reimbursement payments	\$459,313
Total 2021	\$1,908,288

<sup>\*</sup>excludes CBRA capital development depreciation expenses and cost of financing

- Ensure business continuity by prioritizing real estate/GIS support of Power Production/Power Delivery/Wholesale Fiber projects
- Hire Lands supervisor (end of Q1) and continue training/mentoring new staff.
- Continue succession planning for business continuity purposes
- Resolve existing shoreline encroachments and continue monitoring for new ones



- Prepare parks for 2022 summer season
- Vegetation management
- Continue analyzing recreation monitoring data
- Finalize emergency action plans for Grant PUD parks
- Process concessionaire agreements for Crescent Bar
- PRRA dredging plan and Vantage marina removal phases 2 and 3







## 2022 Forecast

- Safety Goals
  - Non-recordable incidents = 0
  - Recordable incidents = 0
  - Safety meeting attendance = 100%
- Regulatory Outlook
  - Anticipated FERC filings = 2
  - Anticipated FERC approvals = 3
     Any regulatory threats or risks = none known/anticipated

# Spotlight: 2021 Recreation Monitoring Results

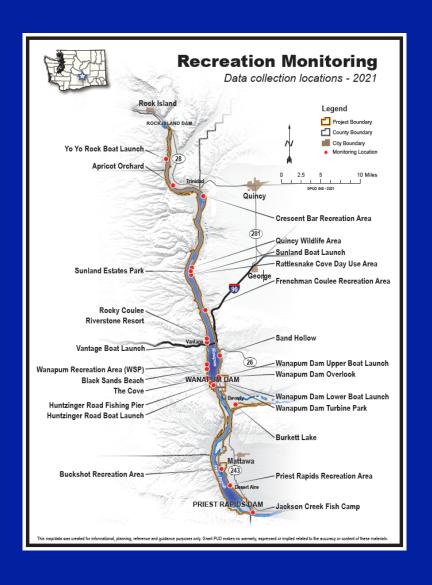
# 2021 Recreation Monitoring

#### Study methods:

- Conduct visitor use surveys
- Collect field camera data

#### **Recreation Use Data Collection:**

- 51 cameras
- Locations:
  - All Grant PUD recreation sites
  - Yo Yo Rock Boat Launch (owned/operated by WDFW)
  - Sunland Boat Launch (owned by BOR/operated by WDFW)
  - Wanapum State Park (owned/operated by WSPRC)
- Approximately 40,000 pictures



# Purpose of Recreation Monitoring

- Determine use levels and patterns including estimated annual use
- Determine characteristics of recreational users and their attitudes toward recreation sites, services, and experiences within the Project
- Estimate the economic impact of recreation sites and facilities within the Project

# Visitor Use Surveys

- Electronic vs. paper due to pandemic
- Promoted through:
  - Follow-up emails for campground stays made through reservation system
  - A-boards advertising survey
  - Giveaway merchandise with stickers advertising survey handed out by L&R staff and Security
  - Grant PUD's website and social media (Facebook)
  - August customer newsletter included with PUD statement
  - In-person surveying (beginning in July)

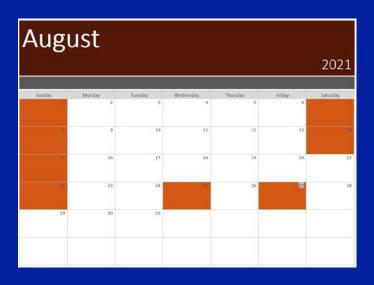


# In-Person Surveying

- 19 days between July 2 September 6
- Surveyed at 17 of Grant PUD's 19 recreation sites (No in-person surveys conducted at Apricot Orchard and Wanapum Dam Visitors Center)

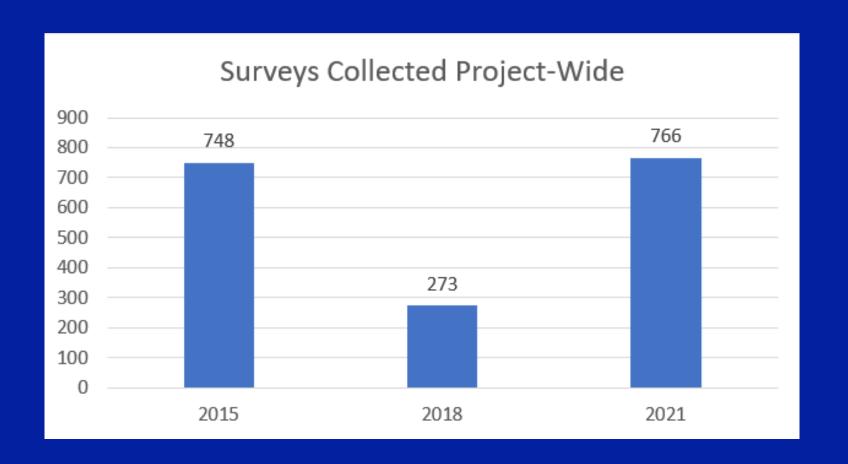






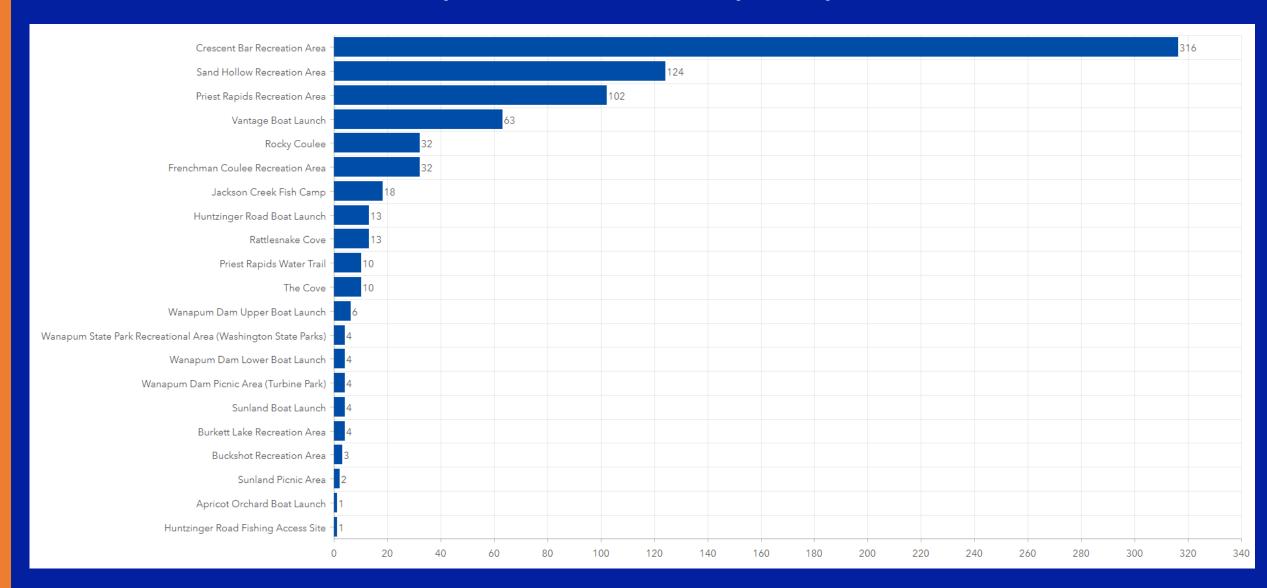


## **Survey Responses**

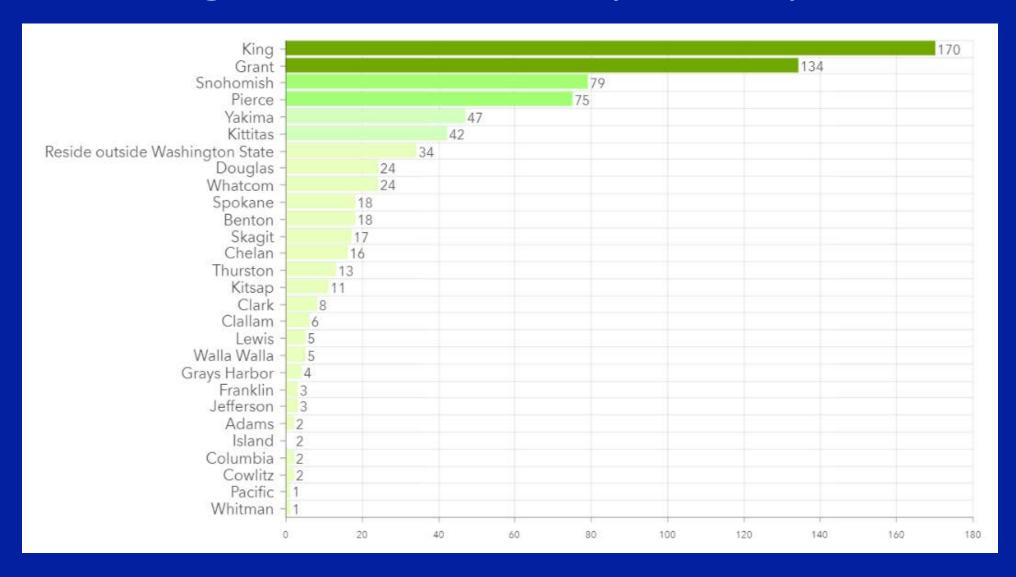




## Completed Surveys by Park

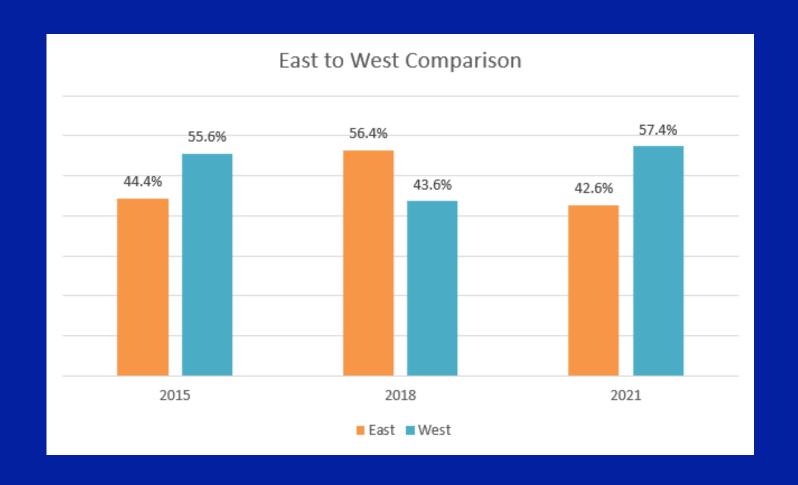


## Washington Home County of Respondents

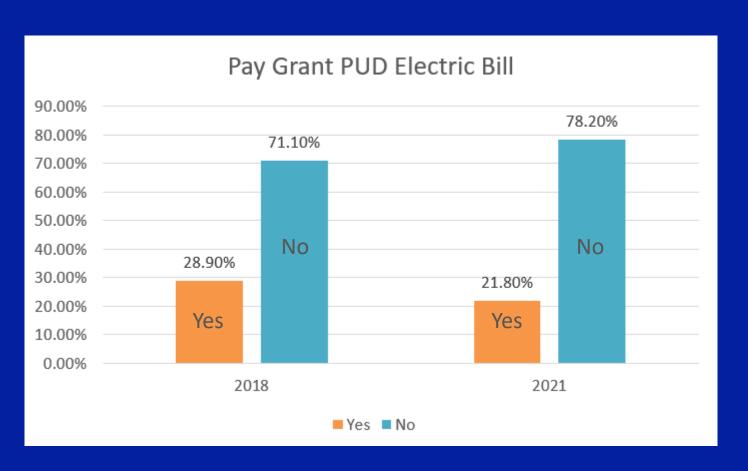


#### (

## Washington State Survey Respondents

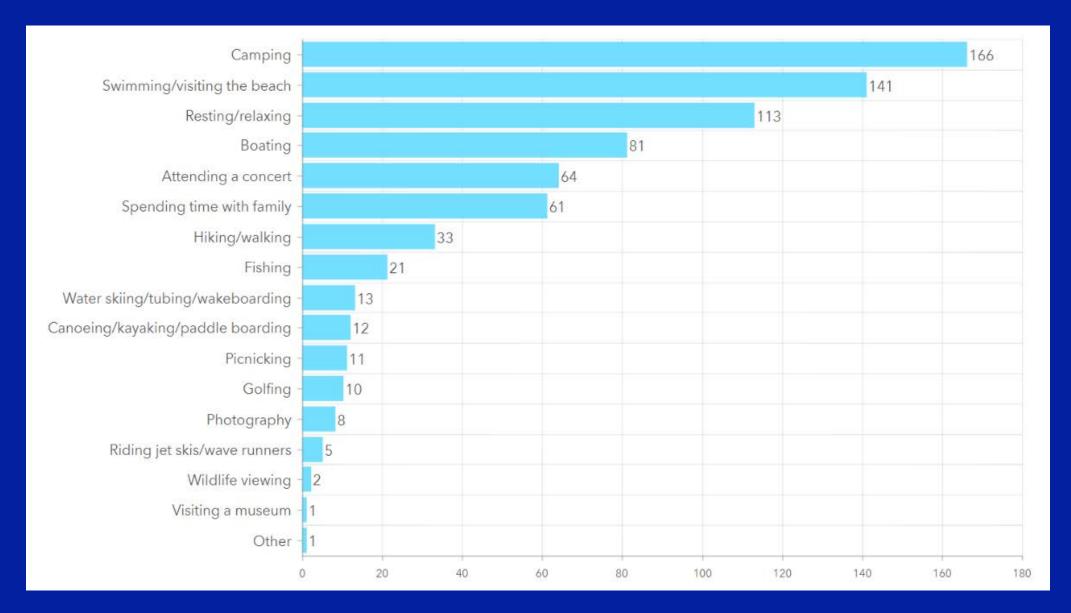


## Do you pay a Grant PUD electric bill?

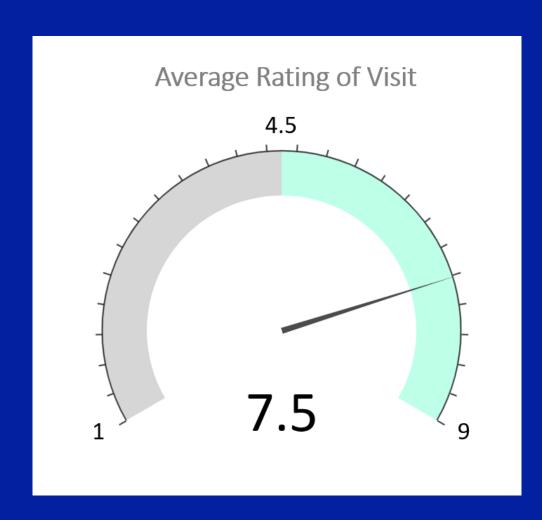


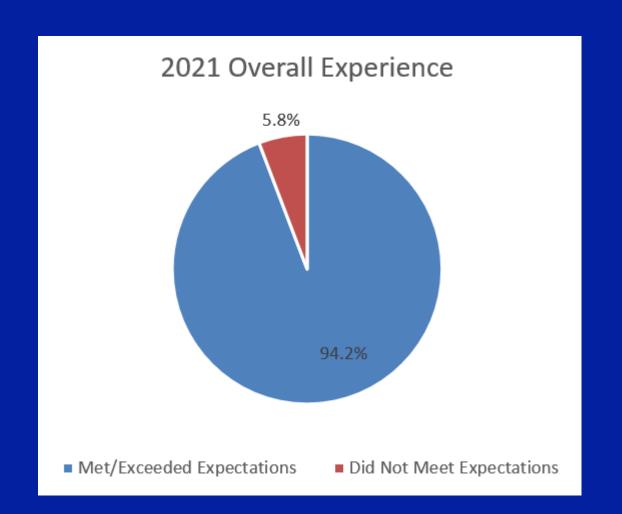
#### $\bigcirc$

## Primary Activity Participated In

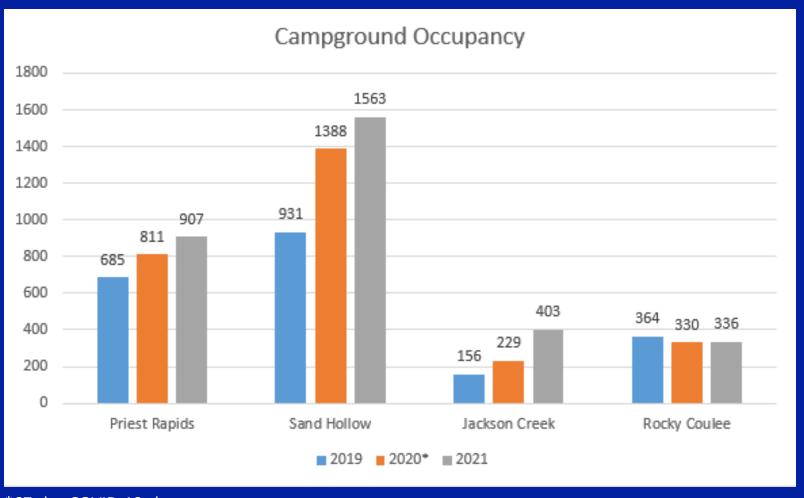


## Please rate your overall experience



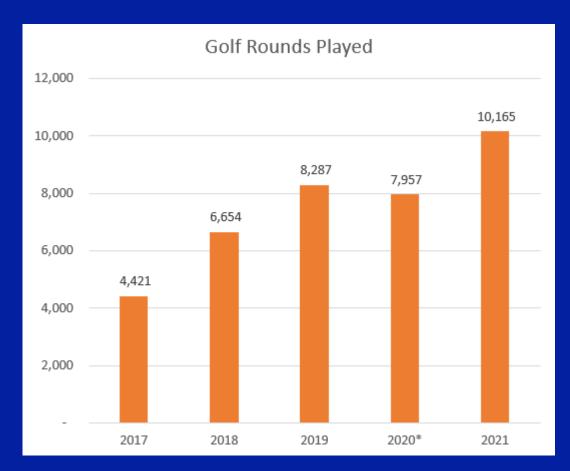


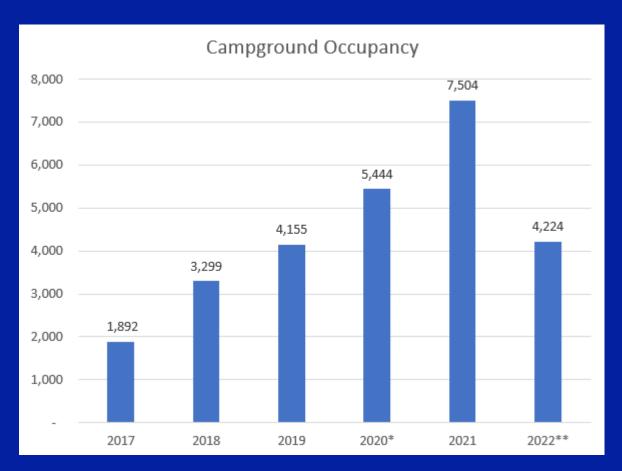
## Non-Crescent Bar Campground Occupancy



<sup>\*67-</sup>day COVID-19 closure

## Crescent Bar Golf Course & Campground Occupancy





\*\*Pre-paid reservations

<sup>\*67-</sup>day COVID-19 closure

## What did people like most?

What did you like most about your visit to this recreation site? Word cloud Richard hike relax spaced General nature grounds grassy desert family **Bathrooms** facilities cleanliness friends weekend Fellow river activities location. friendly Enjoyed location **Deaceful** site parking heaches set open auiet people late picnic hack boating full areas Gorge was. campsite Laid space easily spots loved Scenery fishing campsite. here. campground. **SPACIOUS** Clean. it. Beauty trails garbage secluded hot Crescent kind walking trail privacy restrooms tables **Excellent** Amazing relaxing sites. well-maintained hosts great. lot nice. Bar workers security crowded life Bathroom variety years campsites. kids.

campers

## Questions?





# Grant County Public Utility District 2021 AUDIT PLANNING

January 11, 2022

Presentation to Management and Those Charged with Governance



## Agenda

- 1. Scope of Services
- 2. Auditor's Responsibility in a Financial Statement Audit
- 3. Management's Responsibilities
- 4. Our Relationship with the Commission
- 5. Significant Audit Areas
- 6. Consideration of Fraud
- 7. Materiality
- 8. Audit Timeline
- 9. Audit Deliverables
- 10. Recent Accounting Developments
- 11. Your Service Team



## 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 ending December 31, 2021
- Annual 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 doesn't 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 Commission

- > 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



## Significant Audit Areas

- Capital assets and construction in process
- > Bonds payable and related accounts
- > Power sales transactions wholesale and sales to other utilities
- > Retail energy sales
- ➤ Net position (equity) classification
- > Internal controls related to financial systems and financial statements
- General computer controls
- Note disclosures



#### Consideration of Fraud in a Financial Statement Audit

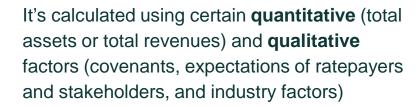
Auditor's responsibility: Obtain reasonable assurance the financial statements as a whole are free from material misstatement – whether caused by fraud or error

	Procedures to address the risk of fraud	Engagement team discussion
₹ <del>`</del> \}	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.

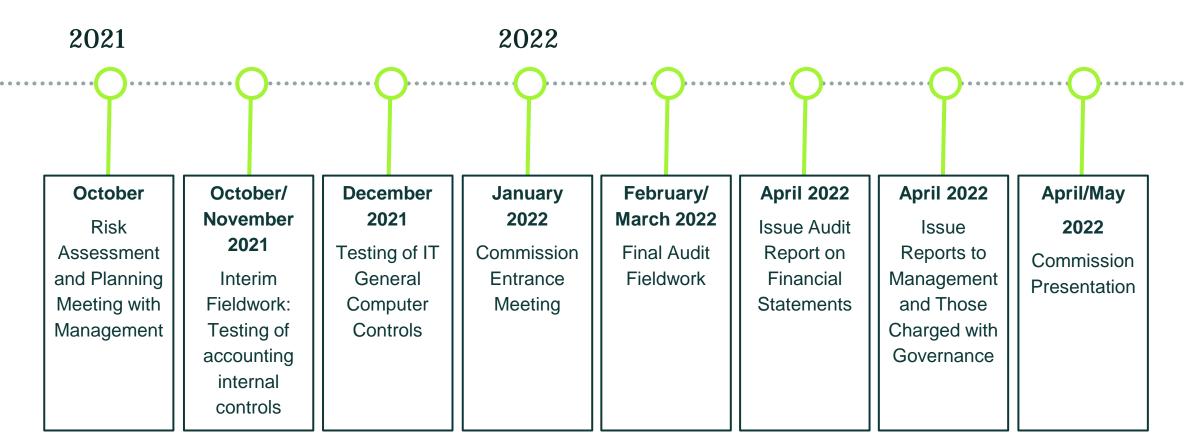


#### It identifies:

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



### **Audit Timeline**







## Audit Deliverables



Report of Independent Auditors on financial statements for the year ended December 31, 2021



Report on Internal Controls (GAGAS)



## Recent and Upcoming Accounting Developments

- GASB Statement No. 87 Leases (effective 2022)
- GASB Statement No. 91 Conduit Debt Obligations (effective 2022)
- GASB Statement No. 92 Omnibus 2020 (effective 2022)
- GASB Statement No. 93 Replacement of Interbank Offered Rates (effective 2021)
- GASB Statement No. 94 Public-Private and Public-Public Partnerships and Availability Payment Arrangements (effective 2023)
- GASB Statement No. 96 Subscription-Based Information Technology Arrangements (effective 2023)



#### Your Moss Adams Audit Service Team Leaders

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



## Questions?









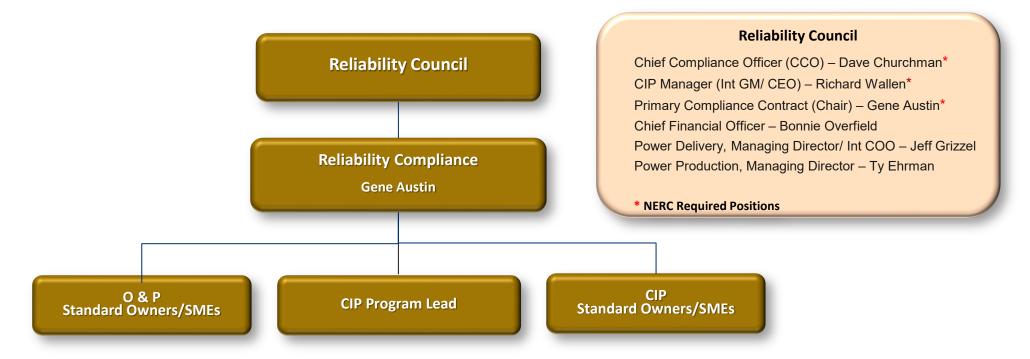
## **Agenda**

- Reliability Organization @ GCPD
- 2021 'Year-in-Review' Reliability Compliance
- 2022 Reliability Compliance Workplan
- Reliability Compliance Initiatives
  - NERC Professional Credential
  - CIP-Worker Qualification Program
  - CIP Internal Controls
- NERC CIP Standards
- 'Potential Non-Compliance' Status
- Monthly Business Review





#### **GCPD's Reliability Organization**



The <u>Reliability Council</u> provides the leadership, guidance, and direction for GCPD's NERC Reliability Program

The <u>Chief Compliance Officer</u> has overall responsibility for achieving NERC expectations

The <u>CIP Senior Manager</u> is the executive with responsibility for Compliance with NERC-CIP Standards

The Reliability Compliance Department implements the direction of the Reliability Council





#### **Reliability Compliance**

## 2021 Year-in-Review

GCPD's 'Reliability Compliance' Program provides the foundation for compliance with NERC Reliability Standards

- Self-Certification 2020
- SANS CIP Training deployed inaugural use
  - 100% On-time Training Completion Rate
- Periodic, Quarterly, and Annual Report Submittals
- Transitioned Compliance Records to NERC Align
- FAC-008 Audit Findings Mitigation Plan Completed
- IT Staff CIP Training Qualification Card
- CIP Training for the non-CIP Worker
- Comm. Genetec PACS System for CIP Access areas
- CIP-014 on-site Readiness Review
- 100% Review of all NERC CIP Implementing docs
- CIP-012-1 Implementation IP 'Comm Between CCs'
- CIP Internal Controls Initiative Underway



## Reliability Compliance Workplan – 2022

#### 1) GCPD Staff Development

- RC Staff Development with a NERC Professional Credential for all staff
  - Dependencies: course availability; scheduling around priorities
- CIP-Worker Qualification Program developed in 2021
- CIP Training for the non-CIP Manager in development

#### 2) Internal Controls Initiative

Network and Security Technologies

- CIP-004; CIP-007; CIP-010  $Q4 \rightarrow Q1 \ 2022$ 

- CIP-002  $\rightarrow$  CIP-014 Q2  $\rightarrow$  Q4 2022

#### 3) NERC Audit Readiness

- 100% self-certification Q1
- Develop Metrics for monitoring organizational Audit Readiness Q2 Q3
- Planning for 2023 Audit Readiness Q3 Q4





#### **Certified NERC Compliance Professional**

#### Credentialed NERC Professional 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
- Subject Matter Expert Prep





#### **CIP-Qualified Worker Program**

- Complete EnergySec' NERC CIP 'Deep Dive' 5-day program
- Assigned CIP Standard Candidate will 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 (SP)
  - 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 Review Panel





#### **Internal Controls Evaluation**



#### **Network & Security Technologies**

N&ST is dedicated to Network and Cyber Security

#### **Scope of Work:**

- CIP-004 Personnel Authorization and Training
- CIP-007 System Security Management
- CIP-010 Change Management and Vulnerability Assessments





#### What are Internal Controls

#### Mechanisms to assure compliance and reduce risk

- Ensure procedures meet the intent of the Reliability
   Standards
- Ensure procedures are followed consistently
- Reduce Risk of non-compliance and
- Enhance Reliability BES

#### **Types of Controls:**

- Preventive Reduce the likelihood of a failed event/ activity
- Detective identify irregularities that occurred or occurring
- Corrective utilized to correct errors that have occurred





## **NERC 'Operations and Planning'**

#### **O&P Reliability Standard Families**

- Resource and Demand Balancing (BAL)
- Communications (COM)
- Emergency Preparedness & Operations (EOP)
- Facilities Design, Construction & Maintenance (FAC)
- Interchange Scheduling and Coordination (INT)
- Modeling, Data, and Analysis (MOD)
- Personnel Performance, Training, Qualifications (PER)
- Protection & Controls (PRC)
- Transmission Operations (TOP)
- Transmission Planning (TPL)
- Voltage and Reactive (VAR)

#### **Overall Compliance Effectiveness - High**

11 Standard Families

51 Standards/~1000 Requirements

#### **Business Units and Workgroups**

- Power Production
- Power Delivery
- Engineering/ Operations/ Craft and Technicians
- Planners/ Schedulers/ Data Analysts

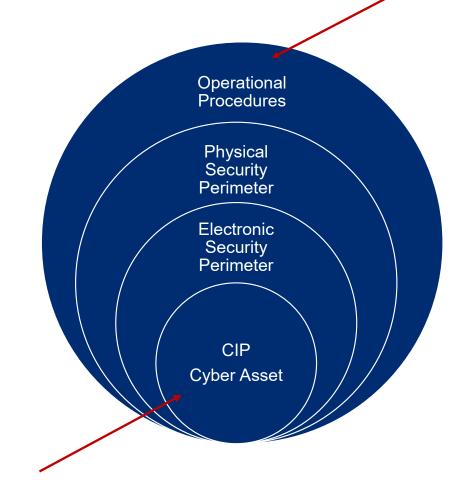




#### **NERC-CIP Standards**

**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





NERC-CIP Reliability Standards

#### 'Potential Non-Compliance' – PNCs

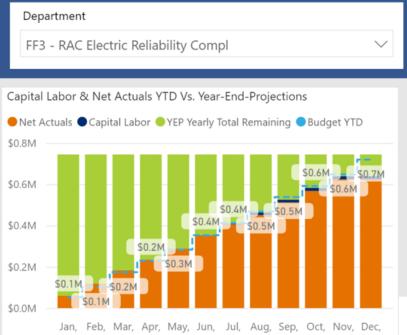
#### 8 Open PNC's

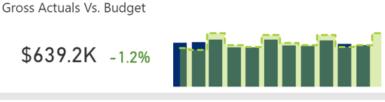
- 2 Audit Findings PNCs 2020
- 2 Self-Reported PNCs 2020
- 4 Self-Reported PNCs 2019
  - 8 'Potential Non-compliances











21 21 21

21 21 21 21

\$15.5K -33.0%

Net Actuals Vs. Budget

\$623.7K -0.1%



#### Budget vs Actuals (Including Cap Labor)

	Cost Category Type/Cost Category	Budgeted	Actuals	Budget Var	Budget Var %	Consumed %
4	□ Labor	\$601,385	\$597,586	-\$3,799	-0.6%	99.4%
	Salaries & Wages	\$383,302	\$386,058	\$2,756	0.7%	100.7%
	Benefits	\$211,757	\$202,340	-\$9,417	-4.4%	95.6%
	Other Labor	\$6,325	\$9,187	\$2,862	45.2%	145.2%
		\$38,050	\$26,834	-\$11,217	-29.5%	70.5%
	⊕ G&A	\$7,775	\$14,355	\$6,580	84.6%	184.6%
	<b>⊞</b> IT		\$416			
	Total	\$647,210	\$639,190	-\$8,019	-1.2%	98.8%

#### Variance Explanations Here:

#### **Purchased Services:**

\$9,675 reflects Q4-2020 Consultant Invoice received/paid in Feb 2021 Mgmt. Consulting Services; spending will catch-up Q4: Genetec CIP Commissioning

**<u>Capital Labor</u>** reflects Genetec Commissioning Project support

Reviewed By: Gene Austin

Approved By: Gene Austin

Date: 12/29/2021



January 11, 2022



Powering our way of life.

#### **ERM Q4 Accomplishments**

- Successful implementation of Enterprise Risk Management Committee's (ERMC) Risk Framework into Grant PUD's Risk Register
- Successful onboarding of our two new Risk Analysts Tracy Johnson and Dean Hallatt
- Completion of Business Unit's Risk Register augmentation which has significantly improved the granularity of risks managed by our Business Units
- Significant progress in developing Grant PUD's first Annual Risk Report due to be completed in January 2022

#### **ERM Q1 '22 Development Plan**

- Completion of first Annual Risk Report
- 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
- Continuation of Small Modular Reactor risk assessments and modeling

#### 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 our risk assessments, the likelihood scores are based on past experience and the viewpoint of our Business Unit Managers and Enterprise Risk Management. 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.	

#### **Next Steps for 2022**

- 1. Use the framework and risk universe to 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 to identify potential gaps.
- 3. Refine the Grant PUD's risk appetite based on level of risk at the Business Unit level considered to be acceptable for achieving our strategic goals. The higher the risk, the greater the required analysis.
- 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**

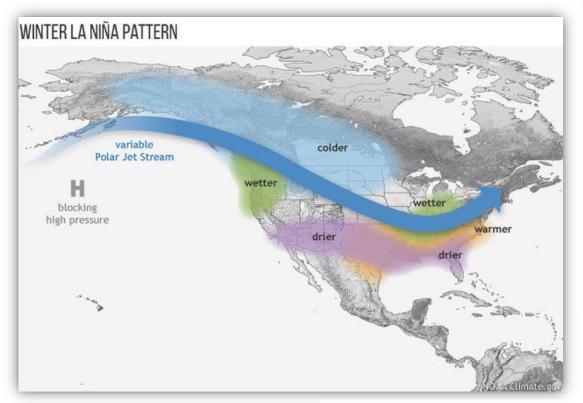
#### Front – Mid – Back Office



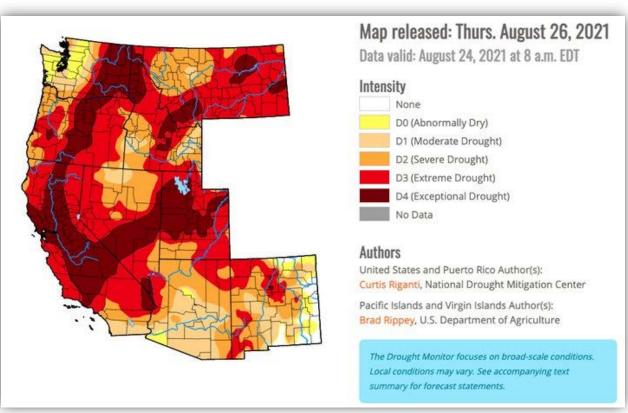


#### **Energy Risk Management**

• 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

- Supporting effort to incorporate the use of Financial Trades to manage Energy Portfolio.
- Continued improvement of Market and Portfolio Risk Model reporting capabilities to meet needs of key stakeholders.
- Continued development of Risk Reporting capabilities.
- Supporting analysis of Estimated Unmet District Load (EUDL) Cost Recovery Adjustment Clause (CRAC)

#### **Insurance Update**

#### Highlights for 2022

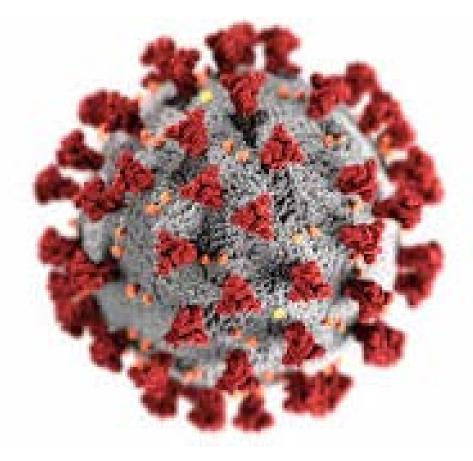
- The 2022 Insurance renewal process has been successfully competed
- Risk continues its close collaboration with Procurement and District Representatives to help ensure Grant PUD's appropriate management of its contract risk insurance coverages
- Preparations for 2023 insurance renewals beginning in May



## Small Modular Reactor Development & Support

- Our exploratory teams have continued to be very active during Q4
- Significant data gathering and analysis continues in Engineering, Risk, Finance, and Marketing areas
- Several presentations have occurred during Q4 including several presentations to Tribal Councils including the Yakima, Umatilla, Energy Keepers, Grant County Industrial Alliance, and several local meetings with city officials, Rotarian clubs, etc.
- Site visits have occurred at X-Energy's offices in Rockville, MD
- Much more work is expected to occur during Q1 2022.





#### COVID-19 Modeling

- Extensive ongoing modeling has been occurring since March 6<sup>th</sup> 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



#### ( Budget Versus Actuals



D I ( A ( I /I	1 1.	- 1 1 \( \)	
Budget vs Actuals (I	ncludina	Cap Labor)	

Cost Category Type/Cost Category	■ Budgeted	Actuals	Budget Var	Budget Var %	Consumed %
⊕ Risk	\$2,547,710	\$2,440,566	-\$107,144	-4.2%	95.8%
☐ Labor	\$622,321	\$606,329	-\$15,992	-2.6%	97.4%
Salaries & Wages	\$401,569	\$390,216	-\$11,353	-2.8%	97.2%
Benefits	\$217,270	\$207,587	-\$9,684	-4.5%	95.5%
Other Labor	\$3,481	\$8,526	\$5,045	144.9%	244.9%
	\$24,750	\$157,763	\$133,013	537.4%	637.4%
⊕ G&A	\$18,040	\$21,881	\$3,841	21.3%	121.3%
<b>⊞</b> IT	\$4,767	\$2,988	-\$1,779	-37.3%	62.7%
⊕ Operating Materials & Equipment	\$550				
Total	\$3,218,137	\$3,229,526	\$11,389	0.4%	100.4%

#### Variance Explanations Here:

Purchase services is over partially due to use of Mgmt. Consulting Services to support ERMC, and partially due to the insurance broker fee being allocated to the wrong year. G&A is over due to expenses related to supporting SMR development.

Net Actuals Vs. Budget

\$3.2M +1.1%

Reviewed By: Paul Dietz

Approved By:

Date: 12-14-21



Powering our way of life.

# Public Utility District No. 2 of Grant County, Washington Public Hearing Proposed Re-Districting Plan for Commissioner District Nos. 1, 2 and 3

January 11, 2022 – 2:30 p.m.

Microsoft Teams Virtual Meeting

Video Option: Teams Meeting Video Link

Call-in Option: +1 509-703-5291 Conference ID: 627 899 217#



#### Purpose:

Receive public input on the proposed changes to boundaries of Grant PUD Commissioner District Nos. 1, 2, and 3.

#### RCW 54.12.010(6) - excerpt

The boundaries of the public utility district commissioner districts may be changed only by the public utility district commission or by a court order issued pursuant to RCW **29A.92.110**, and shall be examined every ten years to determine substantial equality of population in accordance with chapter 29A.76 RCW. Except as provided in this section, RCW **29A.92.110**, RCW **54.04.039**, or in the case of an intervening census, the boundaries shall not be changed more often than once in four years. Boundaries may only be changed when all members of the commission are present. Whenever territory is added to a public utility district under RCW <u>54.04.035</u>, or added or withdrawn under RCW <u>54.04.039</u>, the boundaries of the public utility commissioner districts shall be changed to include the additional or exclude the withdrawn territory. Unless the boundaries are changed pursuant to RCW <u>54.04.039</u>, the proposed change of the boundaries of the public utility district commissioner district must be made by resolution and after public hearing. Notice of the time of the public hearing shall be published for two weeks before the hearing.



#### RCW 54.12.010(6)

#### **Points of Notice**

- Boundaries of the public utility district commissioner districts may be changed only by the public utility district commission or by a court order issued pursuant to RCW <u>29A.92.110</u>, and shall be examined every ten years to determine substantial equality of population in accordance with chapter <u>29A.76</u> RCW.
- Boundaries may only be changed when all members of the commission are present.
- Must be made by resolution and after public hearing.
- Notice of the time of the public hearing shall be published for two weeks before the hearing.



#### Who is responsible?

The State Redistricting Commission, local jurisdictions, and county legislative authorities.

**Local Jurisdictions.** Not all jurisdictions must adjust their district boundaries in response to census data. Only those with internal districts intended to represent equal number of people are required by law to reapportion their districts. If boundary adjustments are required, the new districts must represent essentially equal shares of the district's population based on the census data. Examples of districts that may need boundary adjustment are county commissioner/county legislative districts, ports, PUDs, cities/towns with wards, and school director districts.



#### **Jurisdiction Responsibilities**

RCW 29A.76.010

If boundary adjustments are required, the reapportioned districts must represent a nearly equal distribution of the District's population based on the census data. Districts have eight months after receipt of census data to prepare their plan for redistricting internal boundaries.

2020 census data received September 2021.



#### **Rules for Redrawing Districts**

**RCW 29A.76** 

Each district is responsible for reapportionment of districts. Rules for redistricting are contained in RCW 29A.76.010 and RCW 29A.76.020.

District boundaries should preserve existing communities of related and mutual interest.

Jurisdiction must ensure there is full and reasonable public notice of its actions during the adoption plan.

Legal notices published as follows:

- Columbia Basin Herald December 30, 2021 and January 6, 2022
- Grant County Journal December 27, 2021 and January 3, 2022

Advertisements published two weeks prior to hearing date in all local newspapers and on social media sites.



#### Rules by Specific District Types

RCW 54.12

**Public utility districts.** If a countywide public utility district has the same number of commissioner districts as the county legislative authority, the commissioner districts must use the same boundaries as the county commissioner districts.



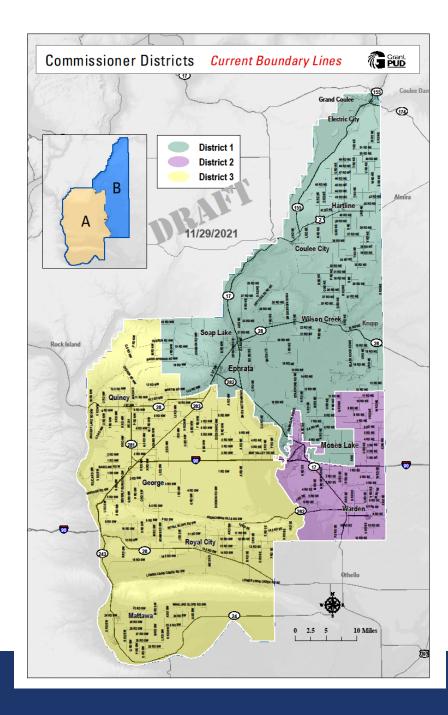
#### **Re-Districting Process**

Grant County Commission Office contracted with Sammamish Data Systems, Inc. to analyze 2020 census data and reestablish near equal population boundaries for District Nos. 1, 2, and 3.

2010 Census Data	2020 Census Data
District No. 1 – 29,940	District No. 1 – 33,026
District No. 2 – 29,532	District No. 2 – 32,986
District No. 3 – 29,640	District No. 3 – 33,111

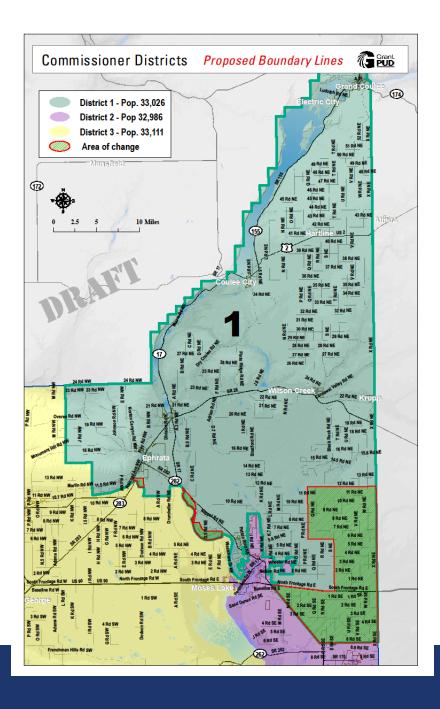


## **Current Boundary Lines**



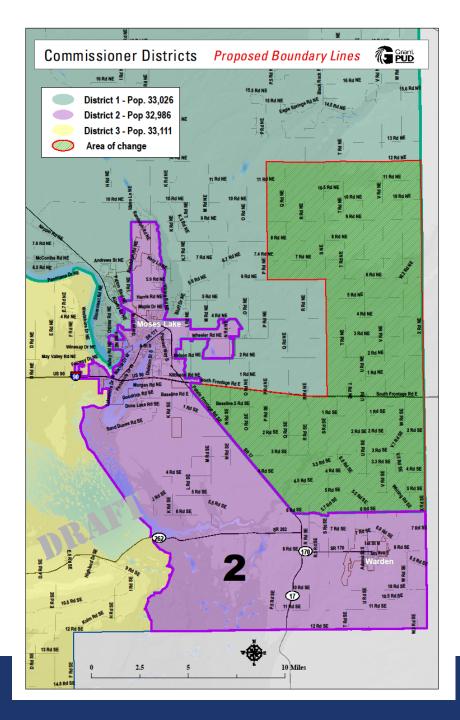


## District No. 1 – Proposed Boundaries



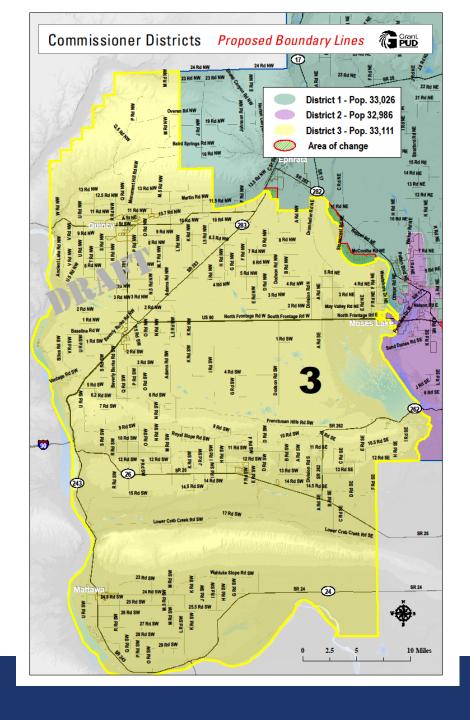


## District No. 2 – Proposed Boundaries



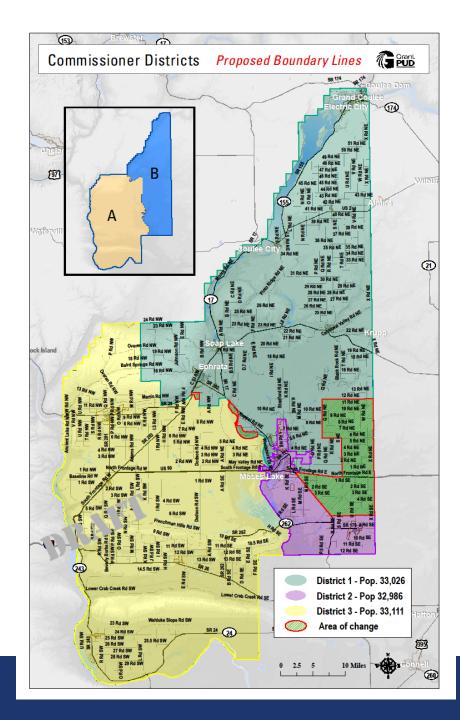


## District No. 3 -Proposed Boundaries





#### Overlay – Proposed Boundaries





#### **Future Considerations**

A-At Large and B- At Large boundaries were not modified during the 2012 re-districting process, nor are they now in 2022.

With the amount of population changes we have seen in District Nos. 1, 2 and 3, it is recommended that both At-Large Districts boundaries be updated in the next cycle scheduled to occur in 2032.



#### **Next Steps**

- Formal resolution adopting proposed boundary modifications scheduled for review on January 25,
   2022.
- Staff will request Commission action at the February 8, 2022 business meeting. \*All five commissioners must be present.



### Thank You



### Power Production

Our People Driving Strong Performance

Quarterly Commission Briefing Q4 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 Rapids 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 Q4 Business Report Hitting the High Points

## **Key Operational Metrics**

- Safety Performance
- Plant Performance
- Budget Analysis

## **Short & Long Term Focus**

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

## **Team & Next Quarter**

- Personnel
- 2022 Q1 Forecast



# Safety Performance Targeting Zero Harm

2021	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	YTD Total
Safety Meeting	-	-	90	95.9	92.6	96.3	97.4	95.4	97	96.2	98.8	94.6 AVG
Close Calls	1	2	2	1	2	2	1	5	7	2	1	16
JSR's	24	24	30	42	45	29	34	14	18	33	18	242
Mobile	0	1	1	1	0	0	0	4	2	3	0	7
Non-recordable	0	1	1	1	0	2	1	3	2	2	0	9
Recordables	0	0	0	0	0	0	0	0	0	0	0	0

# COVID Response Protecting Critical Employees & Assets

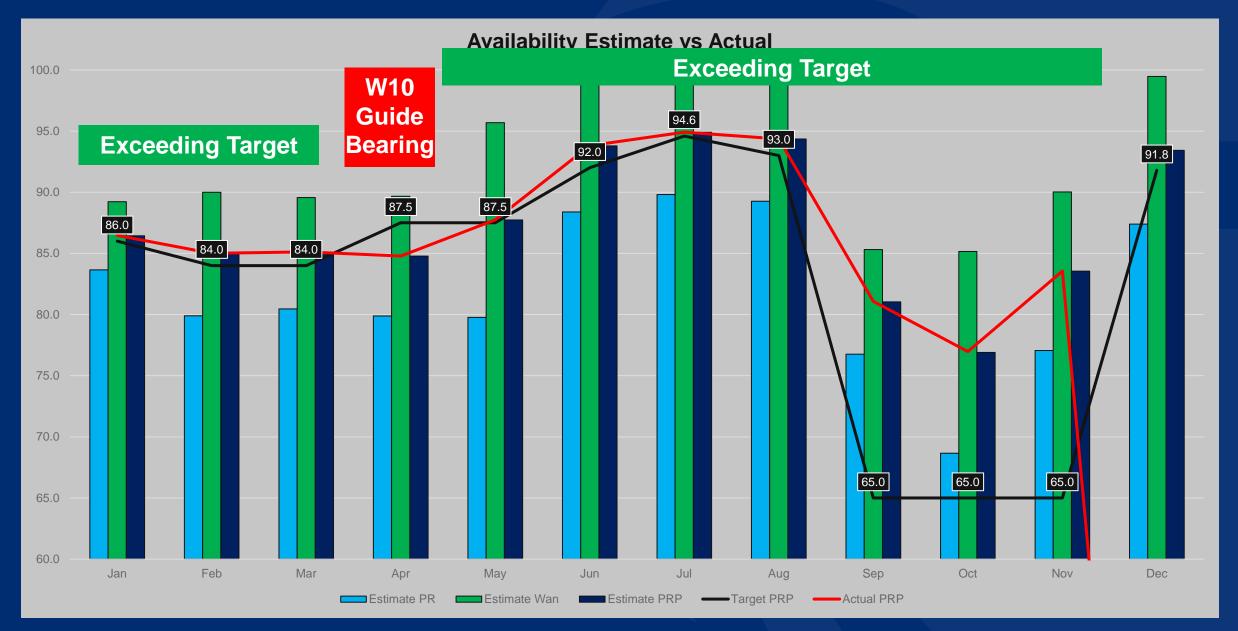
The Challenge – Keep important work going and employee COVID exposures down

- Current state
  - Work being scheduled normally
  - Employees following protective protocols
  - Work disruptions limited to testing
- Admin functions most still working from home; inperson events only on as-needed basis
- Results as of 12/22: Quarantine cases remain low; remaining vigilant with Omicron on rise



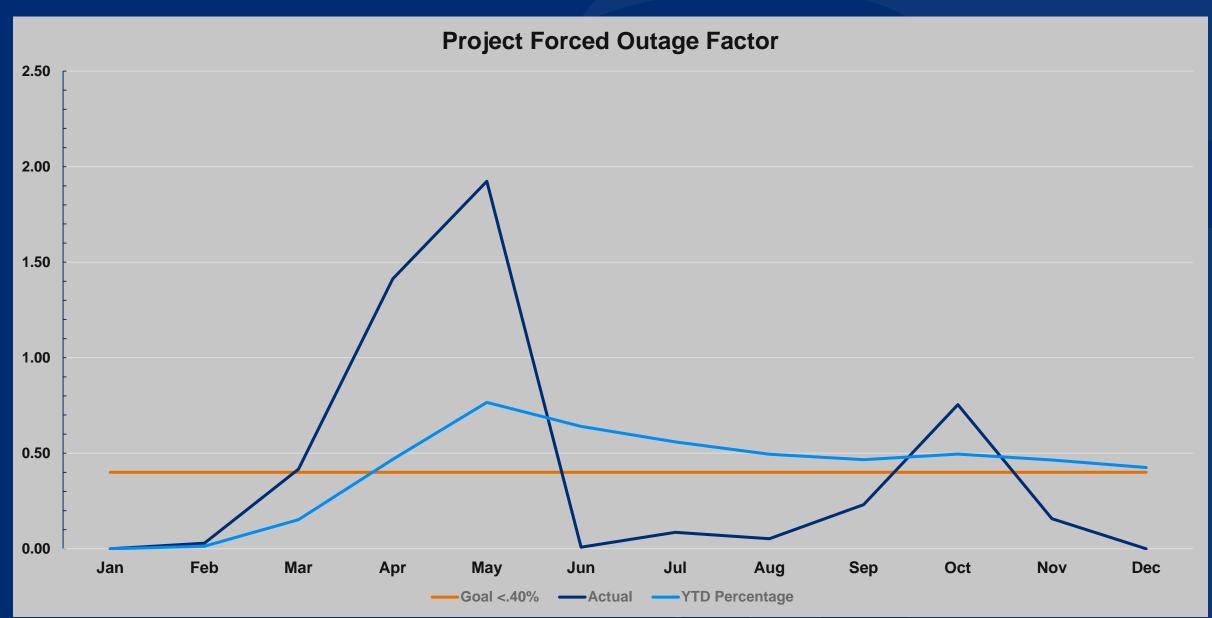


# Plant Performance



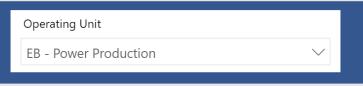
#### $\bigcirc$

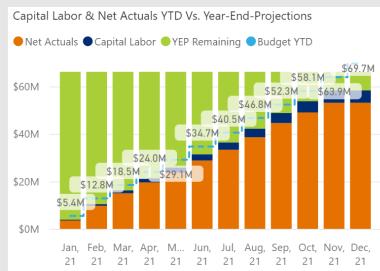
# Plant Performance





## ( O&M Budget Versus Actuals







\$58.3M -8.7%



#### Capital Labor Actuals Vs. Budget

\$5.2M -47.0%



#### Net Actuals Vs. Budget

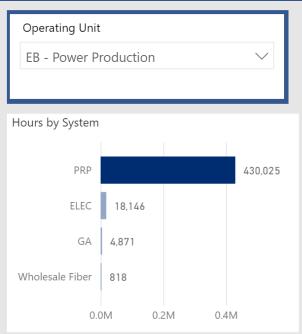
\$53.1M -1.7%



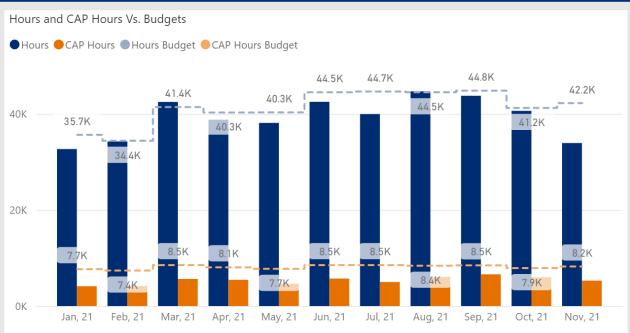
### O&M Budget vs Actuals (Including Cap Labor)

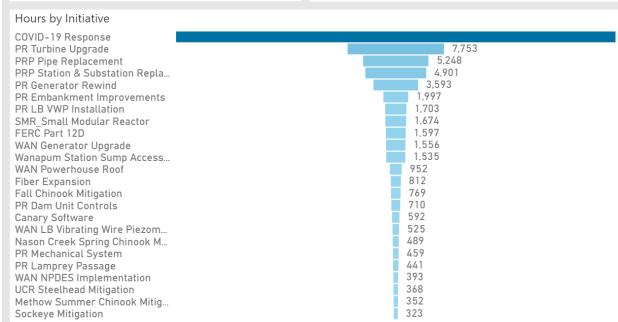
Cost Category Type/Cost Category	Budgeted ▼	Actuals	Budget Var	Budget Var %	Consumed %
□ Labor	\$41,199,991	\$40,564,920	-\$635,070	-1.5%	98.5%
Salaries & Wages	\$24,265,627	\$23,636,760	-\$628,867	-2.6%	97.4%
Benefits	\$14,488,723	\$13,841,547	-\$647,176	-4.5%	95.5%
Overtime	\$2,278,192	\$2,726,919	\$448,727	19.7%	119.7%
Other Labor	\$167,448	\$359,694	\$192,245	114.8%	214.8%
Purchased Services	\$14,614,109	\$10,371,576	-\$4,242,534	-29.0%	71.0%
⊕ G&A	\$5,142,295	\$4,119,455	-\$1,022,840	-19.9%	80.1%
<b>⊞</b> Operating Materials & Equipment	\$2,773,068	\$2,924,466	\$151,398	5.5%	105.5%
<b>⊞ IT</b>	\$93,655	\$210,282	\$116,627	124.5%	224.5%
<b>⊞</b> Utilities	\$76,625	\$88,224	\$11,599	15.1%	115.1%
⊕ Risk		\$45,991			
<b>⊞</b> Transportation		\$15,198			
Total	\$63,899,743	\$58,340,112	-\$5,559,631	-8.7%	91.3%

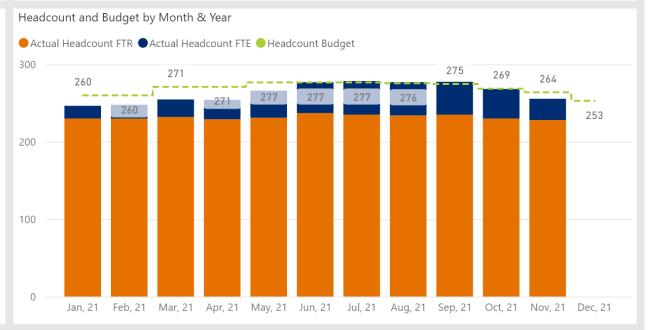
## Frant | Employee Activity







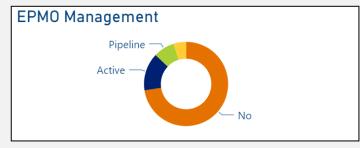




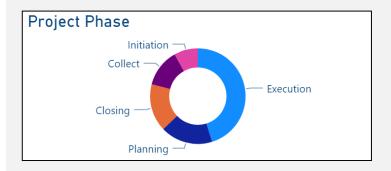
## **Capital Budget Versus Actuals**











Budget vs Actuals (Capital Direct	ts)
-----------------------------------	-----

Cost Center	CY Budget	CY Approved Spend	CY Actuals	BOY Fx	CY YEP
+ EB1000	\$56,901,215	\$37,100,397	\$24,774,907	\$9,362,220	\$34,137,127
+ EB0000	\$3,634,343	\$5,312,897	\$1,953,001	\$3,356,730	\$5,309,731
+ EB2000	\$3,061,000	\$3,328,769	\$2,574,425	\$203,087	\$2,777,512
± EB4220	\$1,453,986	\$386,491	\$267,259	\$125,070	\$392,329
± EB4320	\$367,500	\$150,700	\$132,817	\$9,200	\$142,017
± EB3000	\$0	\$0	\$0	\$0	\$0
± EB5300	\$0	\$0	\$6,477	\$0	\$6,477
Total	\$65,418,044	\$46,279,254	\$29,708,886	\$13,056,307	\$42,765,193

# Capital Project Update Investing in the Future

## Priest Rapids Right Embankment Improvement Project

- Construction Start Oct 4 2021
- Construction Complete Jan 2024
- PR Unit Rehab
  - P04 In progress; complete May 2022
  - Negotiations on Voith Labor contract ongoing
- Station Service Upgrades
  - Wan: Dec 2021 October 2022
  - PR: Jan 2022 Mar 2023



# Success Stories Scheduling Standards for Improved Efficiency

### **Unit Overhauls**

- Completed every year at each plant during fall and winter
- Duration: 8 12 weeks
- 2021/22 Season: 1 completed at Priest Rapids, 2 at Wanapum
- Priest Rapids: Completed on time
- Wanapum: Completed 1<sup>st</sup> overhaul 2 days early
- Result of dedicated work by plant staff to make schedules a standard
- Will build on this success
  - Reducing overhaul outage time
  - Spreading standards to other maintenance



# Strategic Improvement 2022 Goals - Another Year of Improvement

Improve Safety Outcomes for Employees and Contractors Advance Asset Management Maturity Improve Operational
Performance by Advancing
Power Production Standards

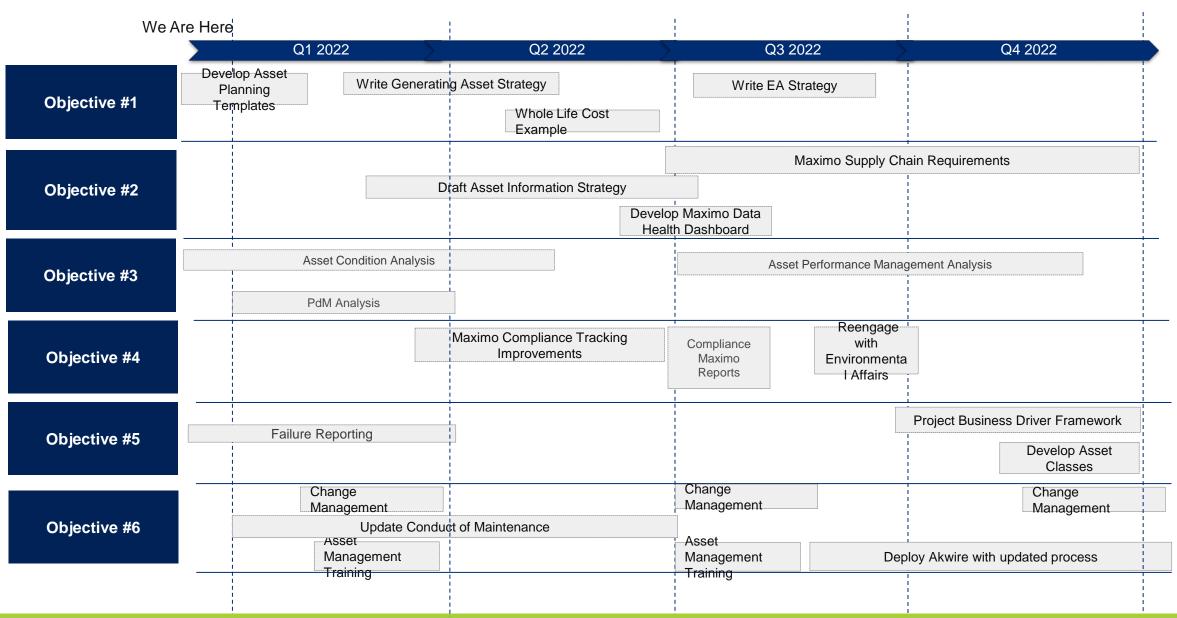
- Fully implement contractor safety program changes by EOY for current & future projects
- Write and use one Asset Class strategy for Hydro Generation and one strategy for Environmental Affairs
- Hold CI event on standardization focused on improving processes for procedure use, development, and improvement

- LOTO project Complete the initiation and planning phases and start the execution phase
- Develop and document requirements for supply chain improvements and integration with Maximo
- Develop resource plan for creating and maintaining plant SOPs; seek approval for desired people additions by end of Feb.

- Execute Right Bank Construction according to schedule established at start of 2022
- Implement first iteration of resource loaded scheduling using Akwire for plant maintenance and operations
- Update PP Engineering records guidance by Q1 2022; use to complete scope of records management project by EOY.

# Asset Mgmt High Level Roadmap 2022

Activities & deliverables



# Personnel Matching Company Needs with Employee Skills

## Fish & Wildlife

Peter Graf – Moving to River Coordinator

## **Power Plants**

- Michael King Hydro Mechanic
- Caleb Pietrandrea Hydro Mechanic

## Retirements

- Isabel Wilder Cultural Resources Admin
- Greg Keyes Electrical Engineer
- Rick Collier Hydro Mechanic



# 2022 Q1 Forecast Staying Focused on Safety & Efficiency

- Strategic Initiatives
  - Begin executing 2022 goals
  - Begin first asset strategy
  - Plan for 2022/23 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.