



**Enterprise Project Management Office
Power Delivery Projects**

Design Build 2 Load Growth Program May 9th, 2023



Powering our way of life.

Progressive Design Build

- Design Build Team is chosen on qualifications, not low bid
- Design Build Team is retained early in the life of the project
- Supports Collaboration between Owner and Contractor
- One Team delivers multiple projects
- Opportunities for Quality
- Opportunities for Innovation
- Opportunities for Efficiency
- Expedited Delivery of multiple projects
 - Design and Construct in parallel
 - Design Build Team drives construction schedule
- Contract structure reduces some District Risk and Burden
- Reduces District Stakeholder Effort
 - Engineering design
 - Procurement
 - Labor and Material contracts

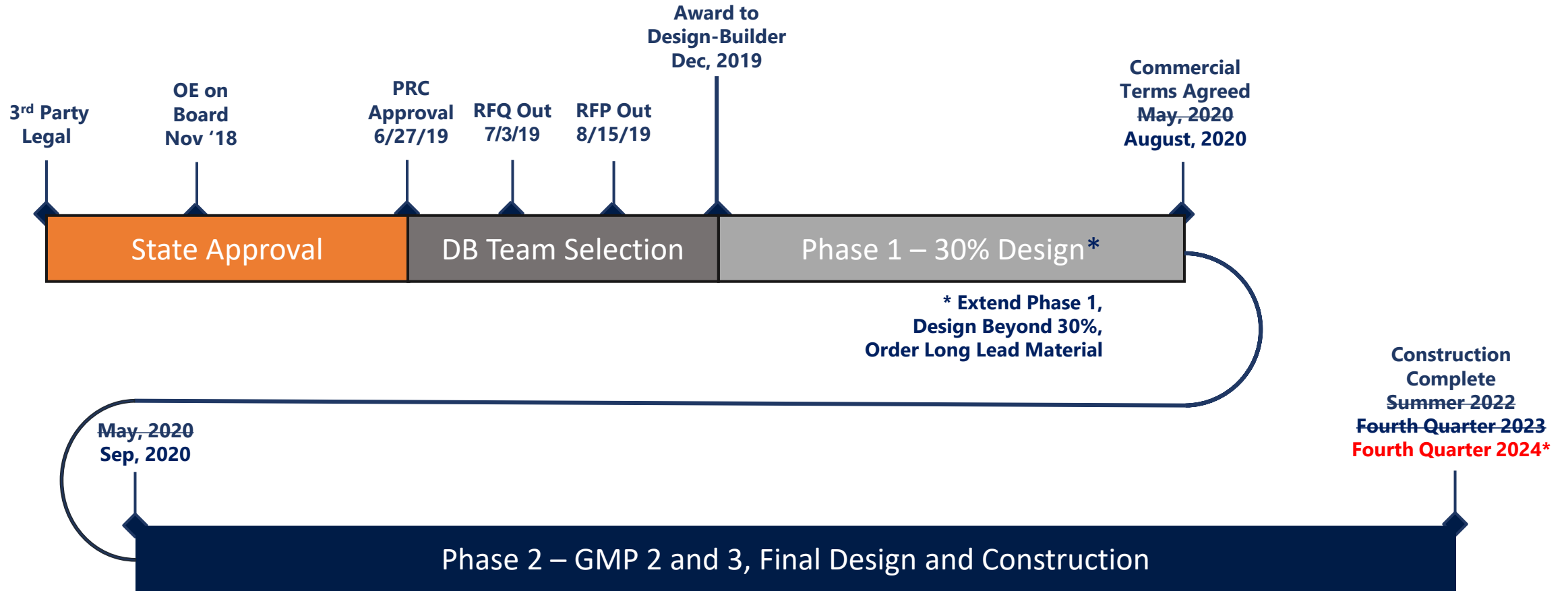
Progressive Design Build Delivery

- Project is delivered in Two Distinct Phases
- **Phase One** includes Initial Design Development, Preconstruction Services and Contract Price Negotiations for Phase Two
- Phase One final price negotiations called Guaranteed Maximum Price, GMP
- **Phase Two** includes Final Design and Construction Services
- **Planned** Change Orders are inherent to the PDB Delivery
- **Planned** Change Order occurs between Phase One and Phase Two
- **Planned** Change Order solidifies the contract and contract price for Phase Two
- **Planned** Change Orders have been utilized for Risk Mitigation

Planned Change Orders

1. QEPC Long Lead Switches - \$265,000
 2. QEPC Phase 1 Extension - \$3.4M
 3. QEPC Mobilization, Construction Materials – \$495,000
 4. QEPC GMP 1 Amendment - \$52M
 5. QISG GMP 2 Amendment - \$13.3M
 6. District Driven Scope Changes - \$109,000
 7. QISG GMP 3 Amendment - \$32M
- *Red Rock Transmission Line Material and Construction*

Project Timeline



Design Build 2 – Scope Evolution

	06/27/2019	11/26/2019	7/21/2020	1/18/2022	05/09/2023
Burke Substation	Full Rebuild - (2) 25MVA Transformers	Full Rebuild - (2) 25MVA Transformers	Full Rebuild - (2) 25MVA Transformers	In Service	In Service
South Ephrata Substation	New Substation (1) 25MVA	(1) 25MVA Transformer	(1) 25MVA Transformer	Additional Property needed	Under Construction
South Ephrata Ring Bus	3 position 115kV Ring Bus	3 Position 115kV Ring Bus	4 Position 115kV Ring Bus	Incorporated Big Bend Ring Bus Design	Under Construction
MT View Cap Bank	40 MVAR Capacitor Bank	40 MVAR Capacitor Bank	180MVAR Capacitor Bank	Added Restroom facilities and Incorporated Design Changes to Cap Banks	Additional Distribution Scope
Frenchman Hills Breaker	Additional Breaker	115kV Breaker and Panels	115kV Breaker and Panels	District to complete Panel Installation. Addition of Termination Frames	District to complete Panel Installation. Addition of Termination Frames
Red Rock Transmission	Route TBD	Route Selection (3) Options	10 Mile 115kV Line, Rebuild 6 Miles of Existing to Double Circuit	10 Mile 115kV Line, Rebuild 6 Miles of Existing to Double Circuit	10 Mile 115kV Line, Rebuild 6 Miles of Existing to Double Circuit
Red Rock Substation	New Substation (1) 41MVA Transformer	New Substation (1) 41MVA Transformer	New Substation (1) 41 MVA Transformer	Additional Property needed	(1) 41MVA Transformer
Quincy Plains Substation		Add (1) 41MVA Transformer	(1) 41MVA Transformer	In Service	In Service
Royal City Substation		Partial Rebuild of Existing Station	Full Rebuild - (2) 25MVA Transformers	(2) 25MVA Transformers	In Service
Baird Springs			New Substation - 4 Position 230kV Ring Bus, (1) 41MVA Transformer with Foundations for (3) Future Lineups	(1) 41MVA Transformer with Foundations for (3) Future Lineups Additional 41MVA Lineup	(2) 41 MVA Lineup Revised Distribution Feeder
Mt View Tap			Add Tap for Mobile Substation	In Service	In Service

Estimated cost	\$28,000,000+/-	\$40,000,000+/-	\$65,000,000 +/-	\$72,000,000 +/-	\$104,000,000 +/-
-----------------------	------------------------	------------------------	-------------------------	-------------------------	--------------------------

Project To Date % Complete

Project Site	Project Progress				Current Design, Procurement and Construction
	25%	50%	75%	100%	
Quincy Plains Substation				100%	Energized, providing load to Industrial customer
Mt View Tap				95%	Energized, providing load to industrial customer
Burke Substation				95%	Energized, providing load to the George area
Royal City Substation				95%	Energized, providing load to the Royal City area
Baird Springs 1st lineup			90%		Initial lineup undergoing T&C, Energization Q3 2023
Baird Springs 2nd lineup		40%			Transformer delivered, awaiting panel procurement
Frenchman Hills Breaker			80%		Design Builder's scope dependent on termination frame delivery
Red Rock Substation		50%			100% Design and Procurement completed. Construction start Q2 2023
South Ephrata Substation			65%		Construction underway.
Mountain View Capacitor		50%			Civil & physical scope 95% complete. Remaining work dependent on Transmission Protection & Control design completion.
Red Rock Transmission	20%				90% Design completed. All easements from Royal to Red Rock secured

Design Build 2 – Major Milestone Dates

Project	Mechanical Completion	In Service
Quincy Plains Substation	02/12/2021	06/28/2021
Mountain View Mobile Tap	04/09/2021	04/22/2021
Burke Substation	06/25/2021	03/28/2022
Royal City Substation	07/22/2022	01/06/2023
Baird Springs Substation Lineup #1	06/01/2023	Q3 2023
Frenchman Hills Breaker Addition	11/07/2023	Q1 2025
Baird Springs Substation Lineup #2	02/14/2024	Q2 2024
Red Rock Substation	03/29/2024	Q1 2025
South Ephrata Substation & Ring Bus	05/28/2024	Q3 2024
Mountain View Capacitor Bank	10/08/2024	Q4 2024
Red Rock Transmission Line	12/16/2024	Q1 2025

Design Build 2 – Costs through March 2023

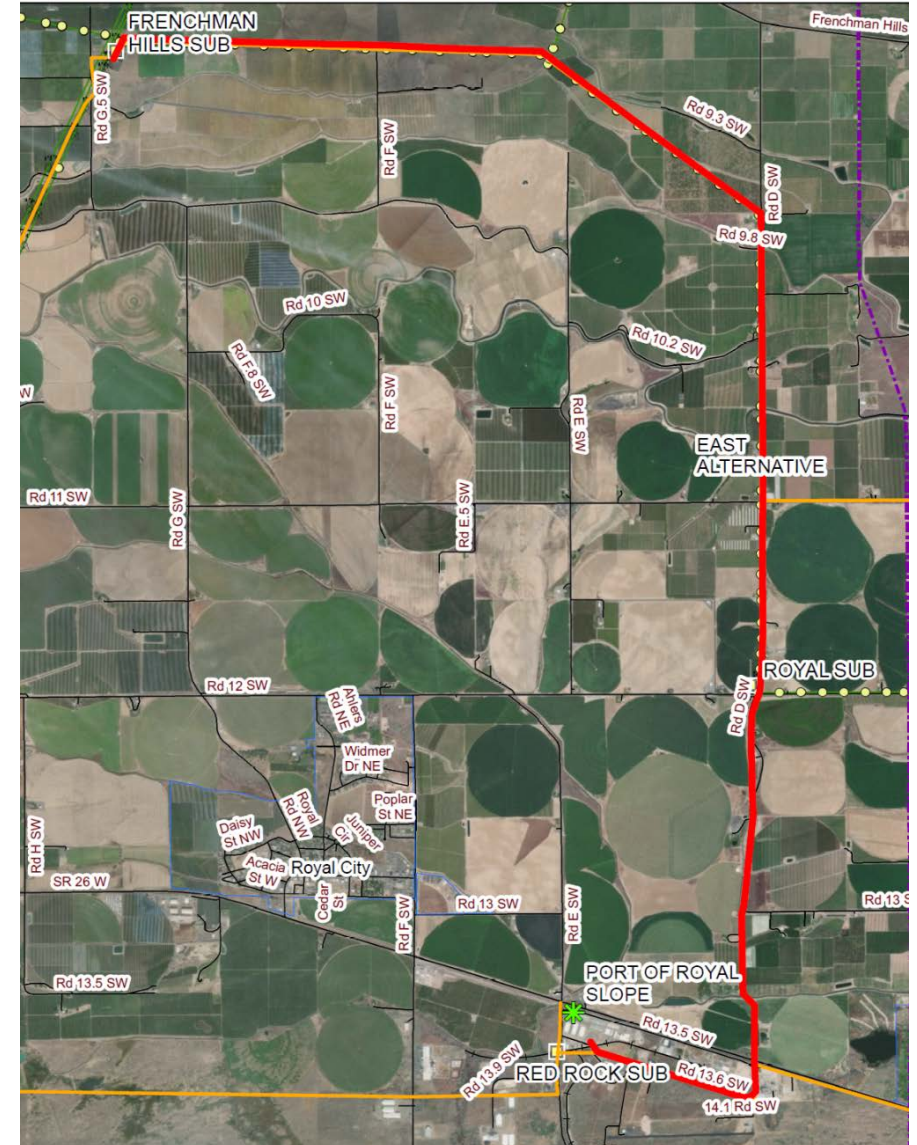
Contract	Description	Contract Value	Invoiced to Date
Thaxton Parkinson	Legal Services	\$ 150,000	\$ 46,352
Stanley Consultants	Owner's Engineer	\$ 2,854,585	\$ 2,400,583
Quanta Infrastructure Solutions Group (QISG)*	Design-Builder	\$ 72,275,257	\$ 55,471,180
		Total: \$ 75,279,842	\$ 57,918,115

* QISG Subcontractors: Tommer Construction, Potelco, HDR Engineering

Design Build 2 – Red Rock Transmission Line

Red Rock Transmission Line

- Route selected
- 90% Design
- All Easements secured between Royal City Substation and Red Rock Substation, 22 total.
- 2 Easements to be secured between Frenchman Substation and Royal City Substation
- 10 miles
- 6 miles of double circuit from Frenchman Hills Substation to Royal City Substation
- 4 miles from Royal City Substation to Red Rock Substation
- Completion Estimated 12/16/2024
- GMP3 funds Red Rock Transmission Line material procurement, construction costs, construction engineering support & associated program management costs



Questions?

Thank You



Powering our way of life.

STATE AND FEDERAL LEGISLATIVE UPDATE

May 9, 2023

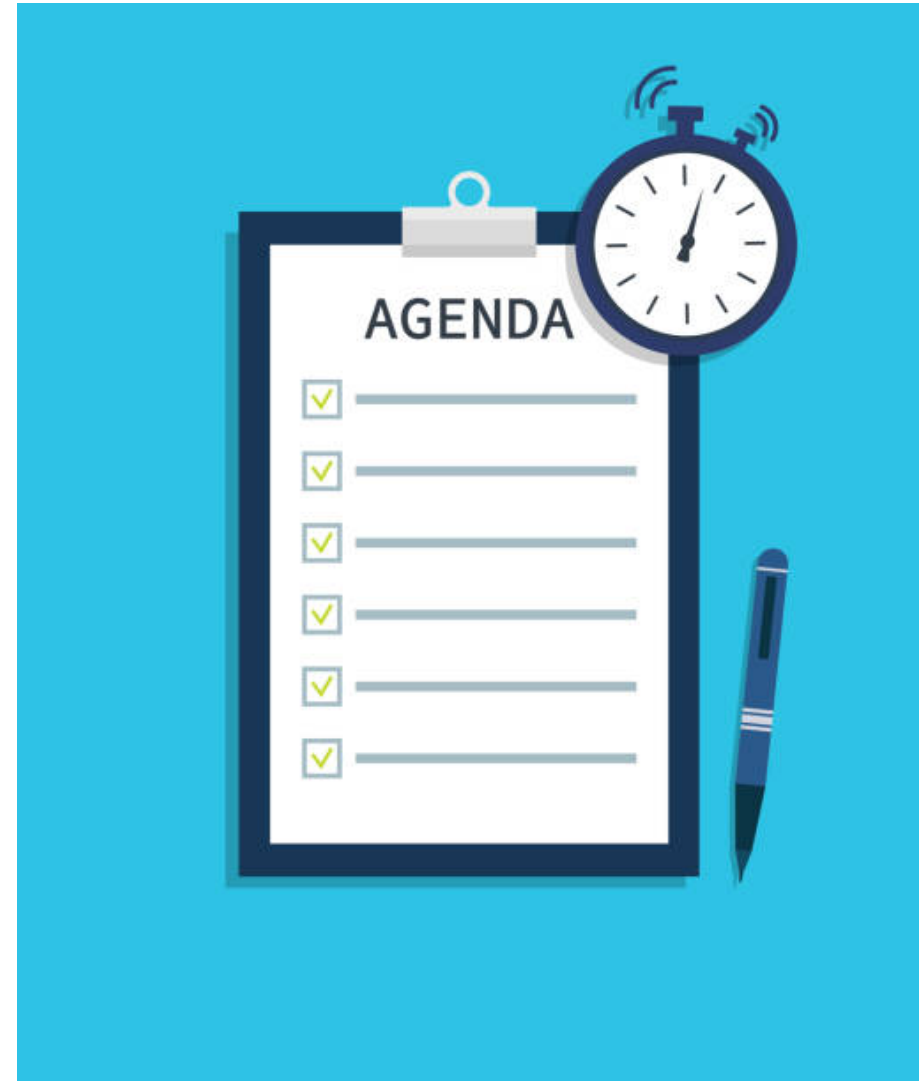


Powering our way of life.

Agenda

Key Topics

- *State Issues and Topics* –
 - Key bills delivered to the Governor
 - Select items included in passed budgets
- *Federal Issues and Topics* –
 - Columbia River Treaty
 - APPA legislative rally
 - Other federal priorities





State Legislative Session

Jan. 9, 2023 – April 23, 2023

2023 state session

General Highlights

- 1756 bills have been introduced this session which ended (April 23)
- Budgets (operating, capital, transportation) adopted during the session as revenue forecast was approximately \$480 million below what had been projected in November which is a little more than \$65 billion.
- The Department of Commerce released its Low-Income Energy Assistance Legislative Report (per the Clean Energy Transformation Act). The report is the first statewide assessment of electric utility low-income energy assistance programs
- In comparison to recent years, the session was generally a light year for energy issues.

Recent Legislative Sessions: Energy Issues

Key bills 2019-2022

- Prior to 2023, recent legislative sessions saw the passage of three large-scale energy bills that impact large portions of the economy

Climate Commitment Act (2021)

A state-wide cap-and-invest program to reduce the state's carbon emissions by 95% by 2050. It is a market-based program that allows businesses to find the most efficient method to achieve the requirements. Emitters can obtain emissions allowance equal to their emissions to offset.

Clean Energy Transformation Act (2019)

The Legislature passed a set of bills setting an ambitious, multi-decade agenda that requires the states electric utilities to fully transition to clean, renewable and non-emitting resources by 2045. Targets along the way. No coal (2025), Carbon Neutral (2030), 100% zero carbon (2045)

Clean Fuel Standard (2021)

A clean fuels program was established to curb carbon pollution from the transportation sector. It sets standards that reduce the dependency on petroleum products used in transportation fuels. Fuel suppliers have several ways to achieve the targets.

Key issues

Bills delivered to the Governor

Recreational use protection

- SB 5145: Sponsor Senator Short 7th district
- Bill passed both chambers unanimously and is awaiting the Governor's signature
- The bill clarifies protections of associated hydroelectric public recreation use of hydroelectric projects operating under a FERC-issued license.
- Successful collaboration amongst various utilities was useful throughout the process.

Mitigating the risk of wildfires

- HB 1032: Continuation of proposed legislation in 2022
- The bill focuses on the planning for prevention that would create a statewide model for utilities to develop wildfire mitigation plans.
- The Dept. of Natural Resources will be required to publish a plan format April 1 2024
- Utilities will be required submit plans by Oct. 31, 2024 and every three years after.

Key issues

Bills delivered to the Governor

High heat disconnects

- HB 1329: Proposed at the request of the State Attorney General
- Establishes a threshold that would prohibit utility shutoff (water, electric) for non-payment on days when a heat-related alert is intended to be issued by the National Weather Service
- Customers impacted by disconnects make the request to be reconnected and the utility may establish a payment plan prior to reconnecting service.
- Other annual reporting criteria are also part of the bill

Addressing the risk of rolling blackouts

- HB 1117: Continuation of proposed legislation in 2022
- Extends the requirement of the Dept. of Commerce and the UTC to convene annual resource adequacy meetings.
- Meetings will involve stakeholders to address strategies to ensure power supply adequacy and avoid the risk of rolling blackouts.
- The bill is consistent with message that grid reliability is at risk with increased load growth across the state and other dispatchable resources are being shuttered.

Key issues

Bills delivered to the Governor

Clean Energy Siting

- HB 1216: By request from the Office of the Governor
- Establishes an interagency siting coordinating council to improve siting and permitting of clean energy projects
- Aims to make the clean-energy siting process more efficient by ensuring coordination among various state agencies while creating clearer guidelines around tribal consultation
- Concerns that it takes away the voice of local citizens and local governmental jurisdictions near any proposed clean-energy sites.

Transmission Planning

- SB 5165: By request from the office of the Governor
- At its heart is a transmission planning bill and although there is a need to address the need for additional transmission capacity concerns with the new planning requirements
- e.g. A utility's Integrated Resource Plan must include an assessment and a 20-year (rather than 10-year) forecast of the availability of and requirements for transmission capacity in accordance with CETA.
- Other difficult-to-quantify metrics some of which are already addressed by other state/federal agencies

Budgetary items

Two-year operating, capital and transportation budgets

Snake River Dams Study

- \$2 million for analysis on how to replace the value of the energy produced by the Lower Snake River Dams
- The funding would be used for the Dept. of Commerce to contract with a third-party organization to conduct the analysis of new resources/infrastructure to replace the existing benefits of the four dams.

Net metering

- Proviso in the operating budget to convene a statewide workgroup that focuses on the future of net metering in Washington State
- The workgroup must conduct a study investigating the value of distributed solar and the magnitude of cost shifts of those with/without solar.
- Report is due June 30, 2025

Statewide Energy Assistance Program

- \$300,000 for the Dept. of Commerce to develop recommendations on a design for a statewide energy assistance program for low-income households
- Report to be delivered by in 2024 which examines the energy burden and energy assistance options.

Broadband matching funds

- \$50 million of state funding to support the digital equity and broadband access programs recommended by the digital equity forum and other activities identified by the state broadband office.
- Programs are meant to increase broadband access for low-income and rural communities

CCA's cap-and-invest program

State holds first auction

- On February 28, The Dept. of Ecology held its first carbon allowance auction
- Under the cap-and-invest program, emitting entities can either reduce carbon emissions or purchase carbon allowances.
- Revenue from the sale of allowances will be allocated by the legislature and intended to be spent on activities that reduce carbon.
- The Dept. of Ecology reported that the first auction generated an estimated \$300 million, \$100 million more than anticipated.



Regional Roundtable

Governor Inslee met with local business leaders

An American flag is shown in the foreground on the left, waving. In the background, the United States Capitol dome is visible, slightly out of focus, under a blue sky with light clouds. The text 'Federal Legislative' is overlaid in white on the flag and dome area.

Federal Legislative

Update

Letter to the President

Treaty negotiations continue



- Congressional delegation requests President to prioritize Treaty negotiations during his visit to Canada
- President Biden and Prime Minister Trudeau release joint statement following a meeting
 - Both sides agree to intensify their work towards a modernized treaty over the coming months
- U.S. Govt. holds virtual public listening session regarding Treaty negotiations following the 16th round of negotiations
- Next round of negotiations are slated for May 16 and 17 with the State Dept. hoping to have a framework for an agreement as soon as June

Legislative Rally

Hosted by APPA

- Public Power representatives from Washington state joined the national conference
- Meetings with members of the congressional delegation to discuss the following key issues:
 - Columbia River Treaty negotiations
 - Importance Snake River Dams
 - Implementation of Federal funding programs
 - Federal support for supply chain shortages for distribution transformers



Federal Priorities

Items we are tracking

Advanced refunding

Energy bills proposed in the house

Development of hydro incentive program

Debt ceiling negotiations



Powering Our Way of Life.

March 16, 2023

RE: DOE draft guidance hydropower incentives program document

Dear Senator Murray:

I am writing to share my concerns with the Department of Energy's draft hydropower incentives program guidance document and to request that you sign onto a bipartisan letter to Secretary Granholm (attached.)

The Bipartisan Infrastructure Law created a new program to provide incentives for operators of our nation's existing hydropower fleet to make improvements enhancing grid resiliency, [safety](#) and the environment under EPACT Section 247. However, as discussed in the attached letter, the draft guidance is a significant missed opportunity to do those important things.

Grant PUD has more than 2,100 MW of clean, renewable hydroelectric generation resources. These hydropower plants are vital in providing the Northwest power grid with reliable zero-carbon energy. We are concerned that the draft guidance would have an impact on us and other hydropower providers as it would:

- Fail to provide funds to all eligible projects by establishing a complicated ranking process if oversubscribed (instead of simply pro-rating awards if over-subscribed);
- Undermine meaningful incentives for new projects by requiring applicants to have already completed the lengthy federal, state, and local permitting process before even applying, thus effectively limiting the program to projects underway years [ago](#);
- Arbitrarily preclude projects from applying if they happen to be included in the same license as another project applicant, which may impact nearly half of all FERC hydropower licenses; and
- Needlessly restrict the application deadline to 60 days (instead of 120) for what are expected to be complex engineering projects.

I would greatly appreciate you co-signing the letter, which is copied below for your review, and sending it to (will.pisano@house.mail.us). **The deadline to co-sign the letter and send it is Tuesday, March 21.** Please let me know if you have any questions. I would be happy to visit with you or your office about this issue further.

Thank You



Powering our way of life.

Public Utility District #2 of Grant County, WA
Deferred Compensation Plans


May 9, 2023

Deferred Compensation Committee (DCC)

- ▶ The DCC administers the District 401(a), 457(b) and 457(f) deferred compensation plans
- ▶ Members of the committee are appointed by the Manager (some District positions require committee membership).
- ▶ Current Members:
 - Bonnie Overfield, Chief Financial Officer*
 - Tod Ayers, Manager of Human Resources*
 - Dmitriy Turchik, District Auditor*
 - Brian Owens, Manager appointee
 - Rod Noteboom, Manager appointee
 - Dawn Woodward, Retiree, Manager appointee

*Required committee members

Why have a Deferred Compensation Program

- ▶ Supplemental retirement and/or post employment income
 - ▶ Part of overall compensation package of a competitive employer
 - ▶ Tax advantages
 - ▶ Many employees do not work at Grant for a full career
 - Deferred comp is more portable than a pension
 - All funds in deferred comp are immediately vested
 - Provides a retirement benefit to all regardless of number of years in the PERs system.
- 


Description of the Two Primary Plans

- ▶ A 401(a) plan is a Governmental Profit-Sharing retirement plan that is set up by an employer. The plan allows for contributions by the employer, the employee or both. Contribution amounts are either dollar-based or percentage-based and the sponsoring employer establishes eligibility and the vesting schedule. Withdrawals incur a 10% federal penalty unless the employee is 59 1/2, dies, retires, is disabled or rolls over the funds into a qualified IRA or retirement plan.
- ▶ A 457(b) plan is a deferred compensation plan established by state and local governments, tax-exempt governments and tax-exempt employers. Eligible employees are allowed to make salary deferral contributions to the 457 plan. Earnings grow on a tax-deferred basis and contributions are not taxed until the assets are distributed from the plan. A Roth option is available in the Grant PUD plan.

Employee Contributions to the Plans

- ▶ 401(a): Eligible participants choose a contribution percentage within 60 days of fulltime regular employment status. An employee can choose a contribution percentage from 1% to 20% (of gross pay). This is an irrevocable election that cannot be changed or inactivated. All employees receive a 3% contribution from the District that is not dependent on the employee contribution.
- ▶ 457(b): Eligible participants may elect any amount (flat amount or percentage) and may change their contribution any time throughout the year. The current Federal annual limit is \$22,500 (age 50 and over annual limit is \$30,000).

Two Additional Plans

- ▶ 457(f) Governmental Top Hat Plan: This plan is used as a recruiting and retention tool. A certain amount of money is placed in the plan for selected employees and at the end of the pre-agreed contract term the money is paid to the employee as a taxable distribution.
 - ▶ 401(a) Executive Plan: This plan is an additional 401 plan that can be utilized by the General Manager/CEO
- 

Plan Fees

- ▶ Total plan fees are \$83 per account per year
 - MissionSquare Fee \$49
 - Plan-Level Administrative Fees \$34

These fees are for the operation of the plans and do not include the management fees charged by the funds in the plans.

Deferred Compensation Statistics

	<u>457(b)</u>	<u>401(a)</u>	
Eligible Employees	782	763	As of 03/31/2023
Participating Employees	485	747	As of 03/31/2023
Percent Participation	62%	98%*	*less than 100% possibly due to recent hires with account not yet active
Total Participants including those not currently employed by the District	766	993	As of 03/31/2023
Number of Investment Options	29	29	As of 03/31/2023
Plan Balance on 02/28/2023	\$84,060,143	\$71,626,121	

Investment Policy Statement (IPS)

Summary of some of the issues addressed by the IPS

▶ Purpose Statement

- establishes and implements policy to assist in selection and monitoring of investment options

▶ Role of the Deferred Compensation Committee

- meets quarterly to develop and implement investment policies
- reviews, adds and removes investment providers and investment options
- select investment advisors, managers, or consultants to assist Committee

▶ Role of Investment Adviser

- recommendations and insights on investment policies
- Information and advice on fund performance and other relevant metrics
- Review plan utilization
- Review plan communications
- Guidance on changes to law, public policy, and market circumstances
- Guidance on a variety of topics related to the operation of the plan

IPS Continued

Summary of some of the issues addressed by the IPS

- ▶ Design of investment menu
 - Track Record
 - Fund management personnel
 - Performance
 - Adherence to stated investment style
 - Risk adjusted return
 - Fees and expenses
- ▶ Criteria for monitoring, adding and removing funds

Record Keeper

- ▶ The District uses MissionSquare for record keeping, educational, and outreach services.
- ▶ The Record Keeper contract is re-evaluated on a regular basis and the committee can choose to change the record keeper upon conclusion of the contract term.
 - An RFP was completed in 2021 that resulted in a 9.3% reduction in fees beginning April 1, 2022.
- ▶ Tasks performed by the record keeper include
 - ▶ Individual account recordkeeping
 - ▶ Contribution and distribution administration
 - ▶ Fund transfers
 - ▶ Loans
 - ▶ Fee collection
 - ▶ General communication
 - ▶ Education and outreach
 - ▶ One on one participant consultations including financial planning

Advisor

- ▶ The Committee utilizes a consultant to provide investment advisory services and ensure the District is following best practices for deferred compensation plans.
- ▶ CAPTRUST Financial Advisors, LLC is our advisor. CAPTRUST's advice includes but is not limited to:
 - ▶ Regulations
 - ▶ Monitoring the investment performance
 - ▶ Investment menu review including changes to funds in the plan
 - ▶ Fees
 - ▶ Communication with participants
 - ▶ Following the IPS
 - ▶ New legislation and issues that need to be addressed

Fiduciary Responsibility

- ▶ Fiduciaries accept responsibility for taking the best interests of the plan participants in mind
 - District and individual committee members have fiduciary responsibility.
 - The Commission has fiduciary responsibility based on global oversight of District activities.
 - The District provides insurance to cover fiduciary responsibility of the District and the individual employees who are fiduciaries.
 - The District has an indemnification resolution #3311.
 - Advisor also carries insurance and acts as a co-fiduciary.

District Program Benefits During Retirement

- ▶ Participants may keep their accounts in the District program during retirement
- ▶ Total fees within the District program will typically be much lower than fees in a managed account.
- ▶ Fund fees will typically be lower in the District program compared to a discount broker since the District program has access to institutional shares, which have lower fees for the exact same fund compared to shares available to individual investors.
- ▶ The District is able to negotiate lower institutional share fees with higher balances, and thus all the participants benefit when retirees keep their funds in the District program.

Questions?