

2023 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

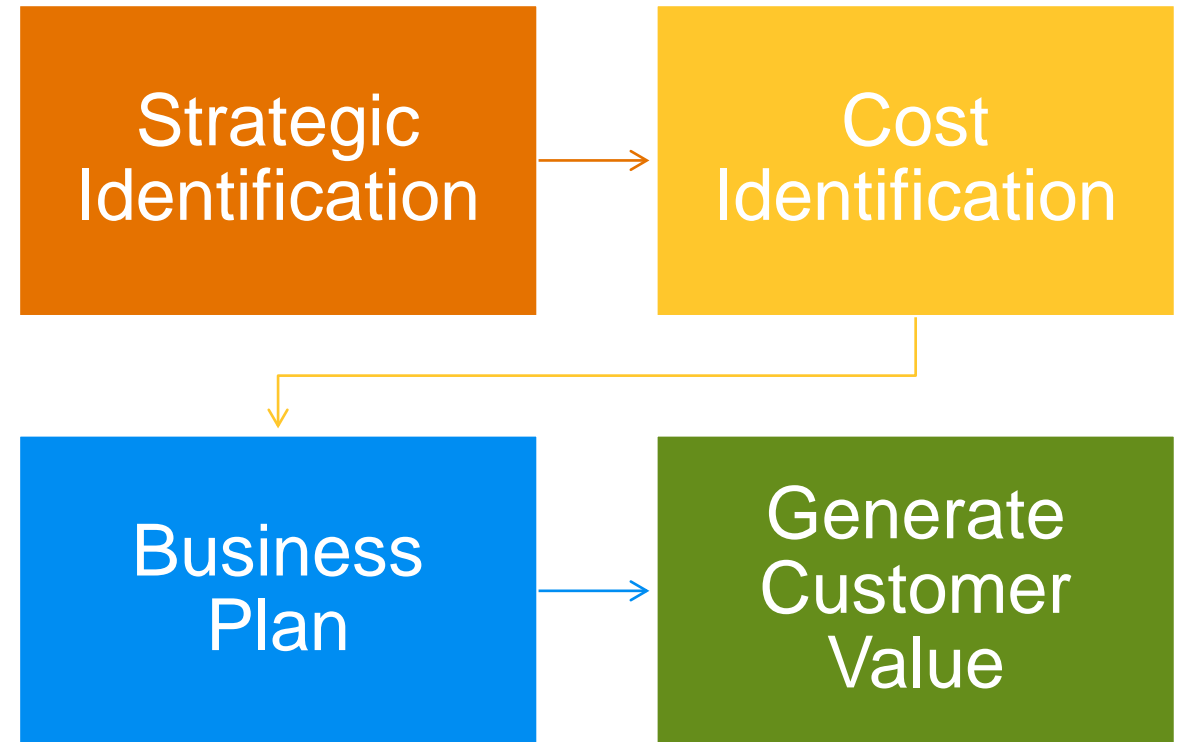


Appendices

Keys for the Budget & Planning Process

General Aims:

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

Alignment with customers' top priorities:

- Reliability and minimizing outages – 90% satisfaction across all customers
- Good customer service – 87% satisfaction across all customers
- Affordability – #1 priority for residential customers, 73% satisfaction across all customers
- Customer communications – Communicating on energy use and outages, 70% satisfaction across all customers

Source: 2021 Customer Satisfaction Survey

Major Budget Initiatives & Process

Major 2023 Budget Initiatives

1. New Budget Schema

- New focus on using data-optimization managerial reporting for Business Intelligence
- Budgets derived from “normalized” historical actual spending

2. Introduction of the “Budget Area Committees”

- Committees mirror functional areas
- Committees are responsible for developing business unit operating budgets and the tactical plan to deliver the year’s strategic plan

3. Similar to last year, detailed budget data available for review

Major Budget Initiatives & Process

2023 Budget Process:

1. Round 1 – Strategic Focus

- Establish Strategic Initiatives – “Big 3 in 23”
- Identify major cost drivers
 - Major external drivers: Inflation, Supply Chain, International energy demand
- Inclusion of major forecast items
 - Updated Loads and Revenues, latest Wholesale assumptions, and latest Capital spending assumptions
- CXOs set overall operating unit budget targets for 2023

2. Round 2 – Tactical Focus and Budget Delivery

- Budget Area Committees (BAC) refine Labor and non-Labor operating budgets to deliver on strategic initiatives
- BACs develop, evaluate, and select the most valuable/highest priority business cases
- CXOs and BACs set functional area operating budgets

3. Round 3 – Commission and Public Review

- Commission review and public outreach
- Budget adoption

Major Budget Initiatives & Process

2023 Budget Timeline:

Task	PARTICIPANTS	START	END	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
PLANNING		1/2/22	6/17/22	[Gantt bar from Jan to Jun]												
2022 Intra-period Business Case Process	BU Mgrs, CXOs, FP&A	1/2/22	2/20/22	[Gantt bar from Jan to Feb]												
2023 Budget Reform Effort	CXOs, FP&A	3/10/22	5/25/22			[Gantt bar from Mar to May]										
Enterprise-wide communication on 2023 Process	BU SMEs, BU Mgrs, CXOs, FP&A	5/27/22	5/27/22					[Gantt bar in May]								
Distribution of Info, Budget Timing, Training expectations,	BU SMEs, BU Mgrs, CXOs, FP&A	6/17/22	6/17/22						[Gantt bar in Jun]							
Round 1 - Strategic and Target Setting		6/10/22	7/29/22						[Gantt bar from Jun to Jul]							
GO#1 - Initial Analytics prep	FP&A	6/10/22	7/1/22						[Gantt bar from Jun to Jul]							
GO#1 - Develop Operating Budget Targets	FP&A ---> CXOs	7/5/22	7/15/22							[Gantt bar in Jul]						
GO#1 - Fin Fx Run with Targets & Contingency	FP&A ---> CXOs	7/5/22	7/15/22							[Gantt bar in Jul]						
GO#2 - Finalize Targets, Contingency and Strategic Spend	CXOs	7/15/22	7/22/22							[Gantt bar in Jul]						
Finalize Round 1	FP&A	7/25/22	7/29/22								[Gantt bar in Jul]					
Round 2 - Budget Delivery Plan		8/1/22	9/9/22								[Gantt bar from Aug to Sep]					
GO#1 - Budget Area Week 1	BA Committees, BU Mgrs, FP&A	8/1/22	8/5/22								[Gantt bar in Aug]					
GO#1 - Budget Area Week 2	BA Committees, BU Mgrs, FP&A	8/8/22	8/12/22								[Gantt bar in Aug]					
GO#1 - Budget Area Week 3	BA Committees, BU Mgrs, FP&A	8/15/22	8/19/22								[Gantt bar in Aug]					
GO#1 - Finalize Operating Budgets by Budget Area	BA Committees, BU Mgrs, FP&A	8/22/22	8/26/22								[Gantt bar in Aug]					
GO#2 - Refine Fin Fx Inputs - Week 1 (Capital Update)	FP&A ---> CXOs	8/1/22	8/5/22								[Gantt bar in Aug]					
GO#2 - Refine Fin Fx Inputs - Week 2	FP&A ---> CXOs	8/8/22	8/12/22								[Gantt bar in Aug]					
GO#2 - Refine Fin Fx Inputs - Week 3	FP&A ---> CXOs	8/15/22	8/19/22								[Gantt bar in Aug]					
GO#2 - Finalize Fin Fx Inputs	FP&A ---> CXOs	8/22/22	8/26/22								[Gantt bar in Aug]					
Finalize Round 2	CXOs, BA Committees, FP&A	8/29/22	9/9/22									[Gantt bar in Sep]				
Round 3 - Public Outreach		9/12/22	12/30/22										[Gantt bar from Sep to Dec]			
Prepare and Review Materials for Commission/Public Review	FP&A, CXOs, Commission	9/12/22	10/11/22										[Gantt bar in Sep]			
Public Meetings	Commission, CXOs, FP&A	10/11/22	10/13/22										[Gantt bar in Oct]			
Budget Adopted	Commission	10/13/22	11/22/22											[Gantt bar in Oct]		
Budget Upload to ODS	Acctg, FP&A	11/22/22	12/30/22												[Gantt bar in Dec]	

02

Strategic Initiatives Overview



Strategic Initiatives Overview:

“Big 3 in 23”

Strategic Planning Initiatives

For 2023, business unit goals were integrated across the whole PUD. This coordination effort led to the identification of the “Big 3 in 23”.

- **Standardization Through Improvement of Processes and Procedures**
- **Drive Customer Value by Seizing Opportunities**
- **Workforce of the Future, Employer of Choice**

Each of the initiatives has 7-16 sub-initiatives for a total of 38 separate workflows. Each sub-initiative was identified by senior management as a priority for 2023. Each sub-initiative has an identified owner and timing of delivery during 2023. Work on these initiatives is spread across all functional areas of the PUD, including the Operations group (COO), Finance & Business Services (CFO), and the Chief Customer Officer group (CCO).

Strategic Initiatives: Operations Group

The Operations group consists of **Power Delivery, Power Production, Safety & Industrial Training, and Business Advancement**. They are directly responsible for 7 of 38 priorities for the “Big 3 in 23”.

Power Delivery

Standardization

- Strengthening Asset Management to standardize our processes for preventative maintenance and capital improvement

Drive Customer Value

- Proactive regulatory compliance and risk mitigation for electric and fiber assets to reduce PUD exposure to financial and reliability impacts
- Improved power quality on the PUD distribution grid to increase customer confidence and reliability

Workforce of the Future

- Investing in our engineering and workforce development through training, adequate FTR allotment, and a positive culture that embraces opportunity and engagement

Strategic Initiatives: Operations Group

Power Production

Standardization

- Framework for all PP standards; List of all standards needed; Plan to complete remaining standards
- Operator SOPs – Complete all missing/out-of-date SOPs by EOY 2023

Drive Customer Value

- Develop asset strategy framework, write first two strategies and develop list of assets needing a strategy by July 31st
- Develop asset management 10-year plan for O&M and capital work by October 31st
- Develop and deploy new process for resource-loaded work scheduling by 5/31/24 (start 2/1/23)

Workforce of the Future

- Skills Matrix for all departments – needed skills vs. actual skills
- Transparent PP succession planning process by 8/1/2023 (Employee Experience Big 3 and PP 5-year strategic plan)

Strategic Initiatives: Operations Group

Safety & Industrial Training

Standardization

- Standardization of District's safety procedure: In format, documentation, and functionality
- Development of a data driven Industrial Hygiene Program covering lead, asbestos, hearing protection, respirator program, and HAZCOM
- Significant safety program rewrites and/or implementation in 2023

Drive Customer Value

- Strong field presence of Safety Coordinators
- Modify the Contractor Safety Program: include collection of safety data during the bidding process and increase training, roles, and responsibilities for DRs and PM

Strategic Initiatives: Operations Group

Business Advancement

Standardization

- Develop and or optimize existing program frameworks – PM, OCM, EPPM, CAP, CI, QA and PC
- Create maturity roadmaps to set-up programs for implementation success

Drive Customer Value

- Implement projects – decrease project delivery risk to produce safe and quality outcomes
- Enhance project prioritization and project selections

Workforce of the Future

- Continue to support our employees (and customers) through change

Strategic Initiatives:

Finance & Business Services Group

The Finance & Business Services group (the CFO organization) consists of **Internal Services**, **Enterprise Technology**, and **Financial Services**. The CFO group is primarily service-oriented with costs driven by the service provided to internal customers. They are directly responsible for 14 of 38 priorities for the “Big 3 in 23”.

- To achieve elevated services necessary to support the execution of the 2023 priorities, the CFO group identified the following work-efforts:
 - An increase in 6 FTRs to decrease response time and improve services, offset by reducing consulting fees in Emergency Management, Treasury, and Enterprise Technology.
 - Strengthening the District’s overall internal controls and governance.
 - Maintaining the District’s compliance record.
 - Supporting a preventative maintenance approach to maintaining District assets by adequately planning and resourcing work.

Strategic Initiatives:

Finance & Business Services Group

Because of the support nature of Finance and Business Services, work efforts must be coordinated across the whole enterprise and march together with both operational and customer growth. To support these efforts, cost discovery became a significant effort for the CFO group's 2023 strategic plan. These include:



Risk

Anticipated Premium Increase (\$209k)



Compliance

Consultant for NERC Audit (\$150k) – Not considered in target methodology (audit every 3 years)



Accounting

Accountant (FTR) – Compliance, Internal Controls (\$80k)



IT

Service Desk Specialist (FTR) (\$86k)
Network Analyst for Ops (FTR) (\$94k)
Security Engineer (FTR)(\$123k)
New Software (\$809k)



Internal Services

Fleet Coordinator (FTR) (\$67k)

Strategic Initiatives:

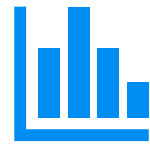
Chief Customer Officer Group

The Chief Customer Officer group (CCO) consists of **Customer Services** and **Employee Services**. The CCO group is primarily focused on external customers. They are directly responsible for 17 of 38 priorities for the “Big 3 in 23”, with the sole responsibility for the **Workforce of the Future** priority (7 of the 17).

- In support of the 2023 priorities, the CCO group identified the following:
 - \$3.5M associated with New Resource acquisition (CCO Special Projects business unit)
 - \$300k for the Educational Reimbursement program
 - \$162k Water Accounting System, costs (supports PRP participants)
 - \$140k in vendor support for PMO/OCM instructional design (training)
 - \$100k in wellness and recruiting costs
 - \$100k in Emergent Leadership program
 - \$30k for Demand Response Assessment
 - \$30k Additional Training associated with Affirmative Action
 - \$35k Rewards and Recognition project implementation
 - \$200k for HR compensation consultant, HR department audit and policy reviews
 - NEW - \$200k for development & implementation of Wellness program
 - NEW - \$66k for Records Officer position

03

Summary of Results



Total Expenses for 2023 (before offsets)

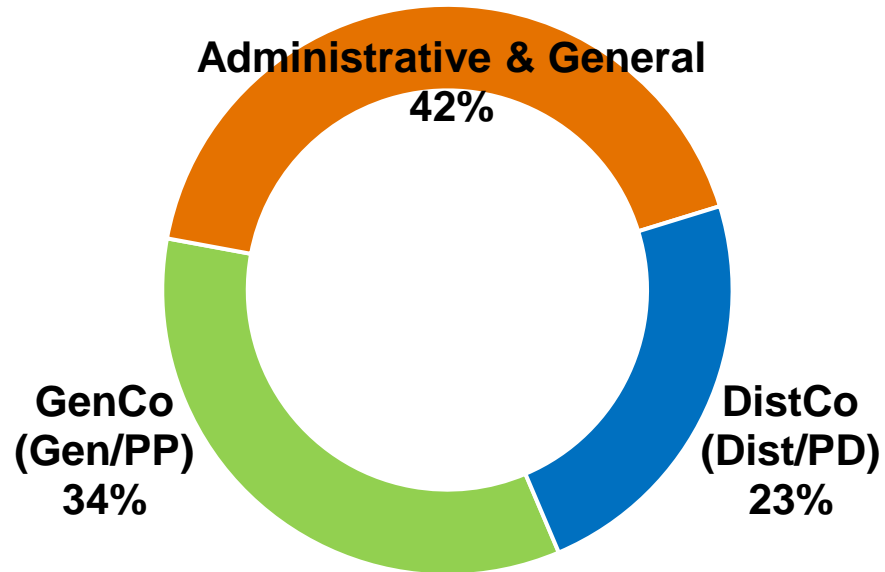
All Figures in Millions	2020 Actuals	2021 Actuals	2022 Budget	2022 YEP	2023 Budget
Operations & Maintenance - Total:	\$134.9	\$165.5	\$156.9	\$162.5	\$191.2
Electric System O&M:	\$55.7	\$69.4	\$66.9	\$72.2	\$95.9
Priest Rapids Project O&M:	\$79.2	\$96.1	\$89.9	\$90.4	\$95.4
Capital - Total:	\$119.5	\$157.2	\$145.4	\$151.8	\$155.0
Electric System Capital:	\$70.7	\$90.0	\$90.1	\$90.8	\$80.8
Priest Rapids Project Capital:	\$48.8	\$67.2	\$55.3	\$61.0	\$74.1
Debt Service	\$73.6	\$74.5	\$75.7	\$75.6	\$72.1
Taxes	\$17.7	\$20.1	\$19.5	\$20.9	\$21.4
Total Expenses	\$345.7	\$417.2	\$397.5	\$410.8	\$439.7

Total Expenses for 2023 are expected to increase by \$42.1M (+10.6%) compared to the 2022 budget. Compared to current 2022 expectations, the 2023 budget is an increase of \$28.8M (+7.0%).

- **Debt Service** and **Taxes** remain relatively flat compared to both the 2022 budget (-\$1.7M) and current 2022 expectations (-\$3.0M).
- **O&M Expense** increases by \$34.3M (+21.9%) vs the 2022 budget and \$28.7M (+17.6%) vs current 2022 expectations.
- **Capital Spend** is expected to increase by \$9.5M (+6.6%) vs the 2022 budget and \$3.1M (+2.1%) vs current 2022 expectations.
- **Major Cost Drivers** – Compared the 2022 budget, the most significant driver for 2023 is inflation. Inflation accounts for 68% (\$26.6M) of the overall increase. The 2023 budget assumes an overall cost structure increase of 8.7% (+5.7% over our standard 3% planning assumption). Compared to the 2022 budget, 2023 business planning around the “Big 3 in 23” accounts for an additional \$12.3M of the increase (\$15.4M in O&M and -\$3.1M in Capital).
- Compared to the 2022 budget, Medical/Employee Benefits have increased by \$4.0M.

2023 Operations and Maintenance Expense

2023 O&M by Functional Service Area



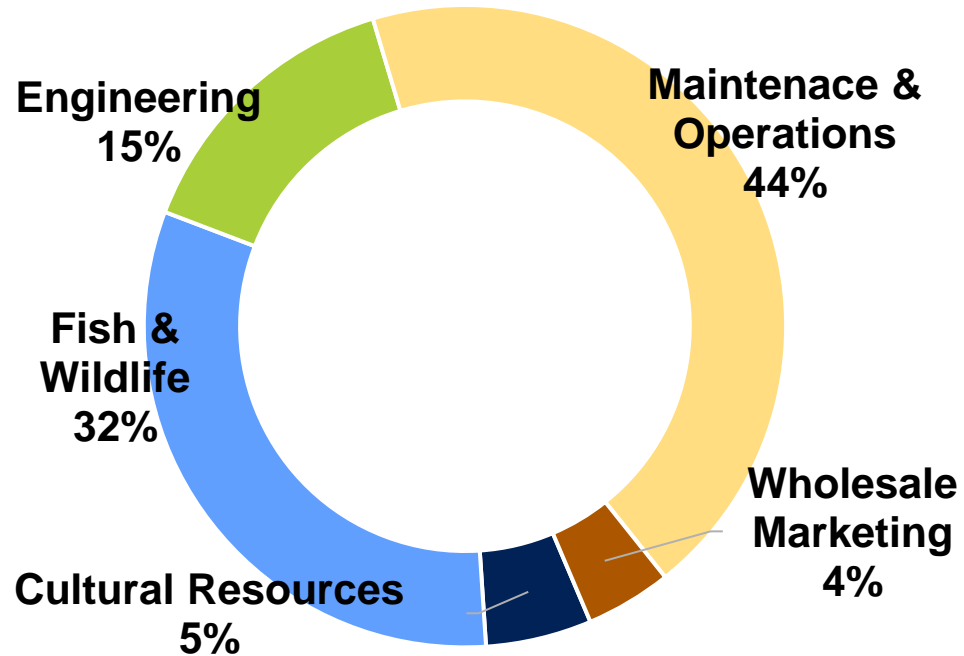
Cost Type	2023	PRP	ELEC
Labor	\$122.3	\$58.4	\$63.9
Purchased Services	\$38.4	\$22.0	\$16.4
General & Administration	\$11.5	\$8.0	\$3.5
Operating Materials and Equipment	\$8.7	\$3.2	\$5.5
Information Technology	\$8.4	\$3.2	\$5.2
Risk	\$3.5	\$1.7	\$1.7
Transportation	\$1.6	\$0.3	\$1.3
Utilities	\$0.8	\$0.4	\$0.4
Capitlized A&G	(\$4.0)	(\$2.0)	(\$2.0)
Total	\$191.2	\$95.4	\$95.9

All figures in millions; non-operational adjustment allocations estimated

- Operations and maintenance (O&M) expense includes both labor and operating expenses, net of labor to capital.
- Total 2023 O&M of \$191.2M can be reviewed programmatically across the three service areas of A&G, GenCo (nearly synonymous with Power Production), and DistCo (nearly synonymous with Power Delivery).

2023 Generation & Power Production O&M

2023 O&M by Functional Service Area – GenCo

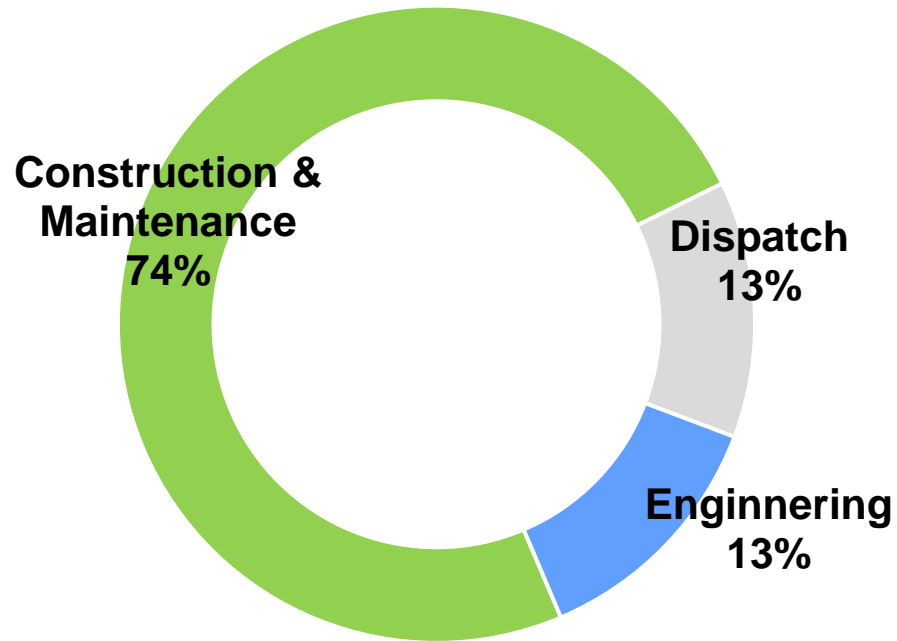


Cost Type	2023	PRP	ELEC
Labor	\$42.4	\$39.7	\$2.7
Purchased Services	\$15.3	\$15.1	\$0.2
General & Administration	\$6.4	\$6.0	\$0.4
Operating Materials and Equipment	\$2.7	\$2.7	\$0.0
Information Technology	\$0.1	\$0.1	\$0.0
Risk	\$0.0	\$0.0	\$0.0
Transportation	\$0.0	\$0.0	\$0.0
Utilities	\$0.1	\$0.1	\$0.0
Capitalized A&G	(\$1.4)	(\$1.3)	(\$0.1)
Total	\$65.6	\$62.4	\$3.2

All figures in millions; non-operational adjustment allocations estimated

2023 Distribution & Power Delivery O&M

2023 O&M by Functional Service Area – DistCo

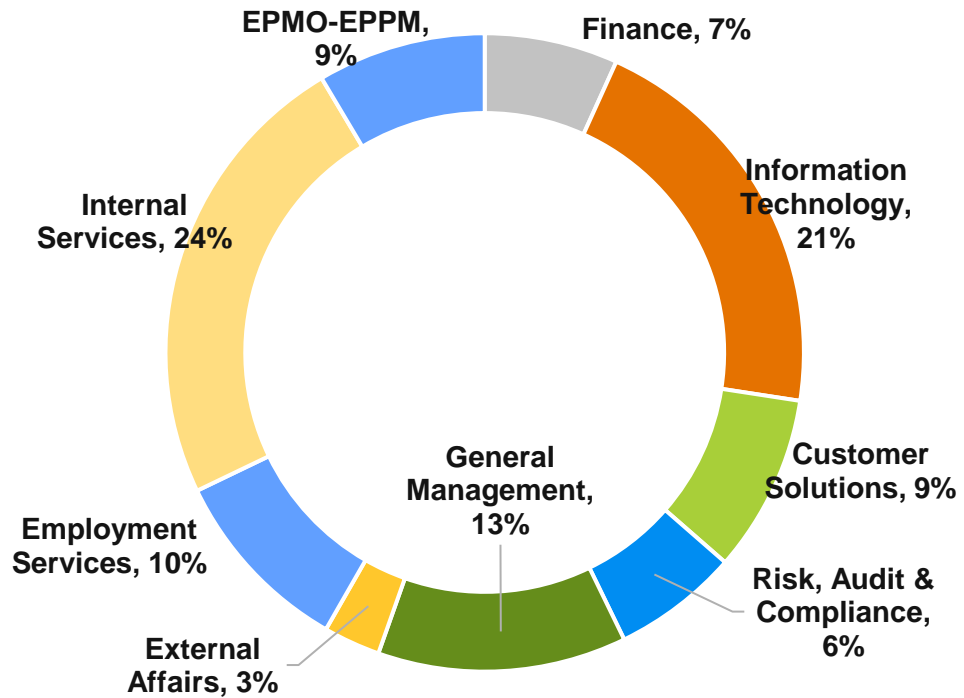


Cost Type	2023	PRP	ELEC
Labor	\$35.0	\$1.2	\$33.7
Purchased Services	\$5.6	\$0.0	\$5.6
General & Administration	\$0.5	\$0.0	\$0.5
Operating Materials and Equipment	\$4.7	\$0.0	\$4.7
Information Technology	\$0.1	\$0.0	\$0.1
Risk	\$0.0	\$0.0	\$0.0
Transportation	\$0.0	\$0.0	\$0.0
Utilities	\$0.0	\$0.0	\$0.0
Capitalized A&G	(\$1.3)	(\$0.1)	(\$1.2)
Total	\$44.7	\$1.2	\$43.5

All figures in millions; non-operational adjustment allocations estimated

2023 Administrative & General O&M

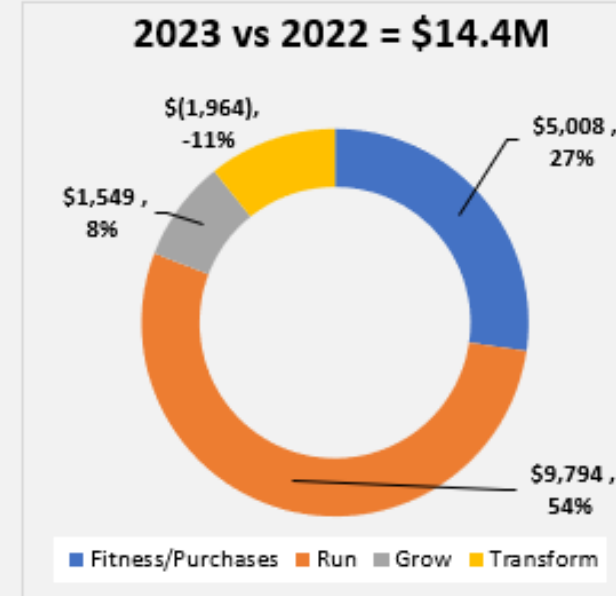
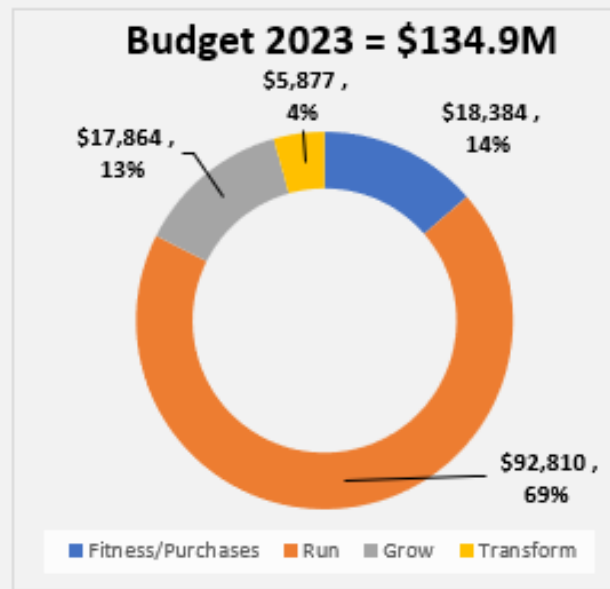
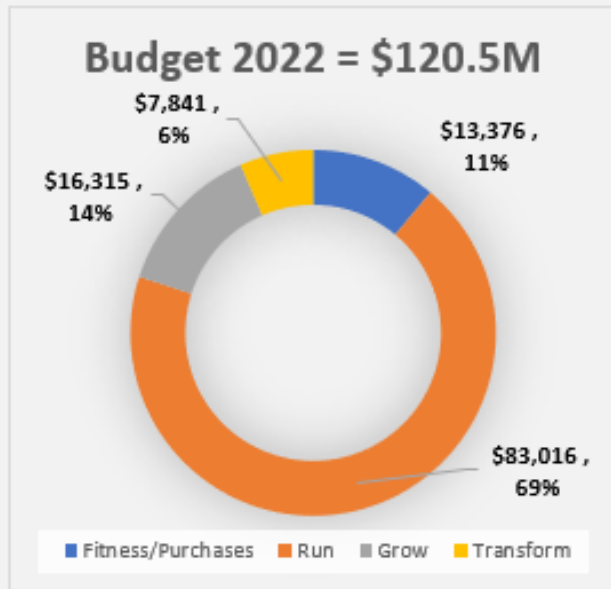
2023 O&M by Service Area - A&G



Cost Type	2023	PRP	ELEC
Labor	\$45.0	\$17.5	\$27.5
Purchased Services	\$17.5	\$6.8	\$10.6
General & Administration	\$4.6	\$2.0	\$2.6
Operating Materials and Equipment	\$1.2	\$0.5	\$0.7
Information Technology	\$8.2	\$3.1	\$5.1
Risk	\$3.5	\$1.7	\$1.7
Transportation	\$1.6	\$0.3	\$1.3
Utilities	\$0.7	\$0.3	\$0.4
Capitalized A&G	(\$1.4)	(\$0.6)	(\$0.8)
Total	\$81.0	\$31.8	\$49.2

All figures in millions; non-operational adjustment allocations estimated

2023 Consolidated Capital Plan

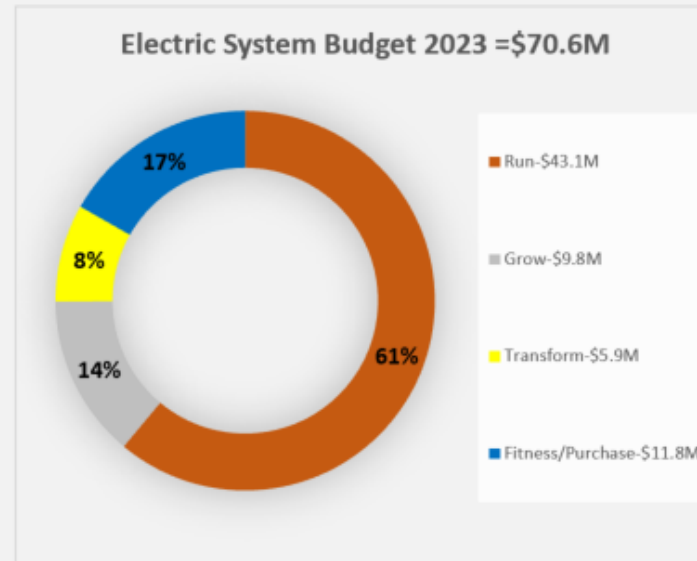
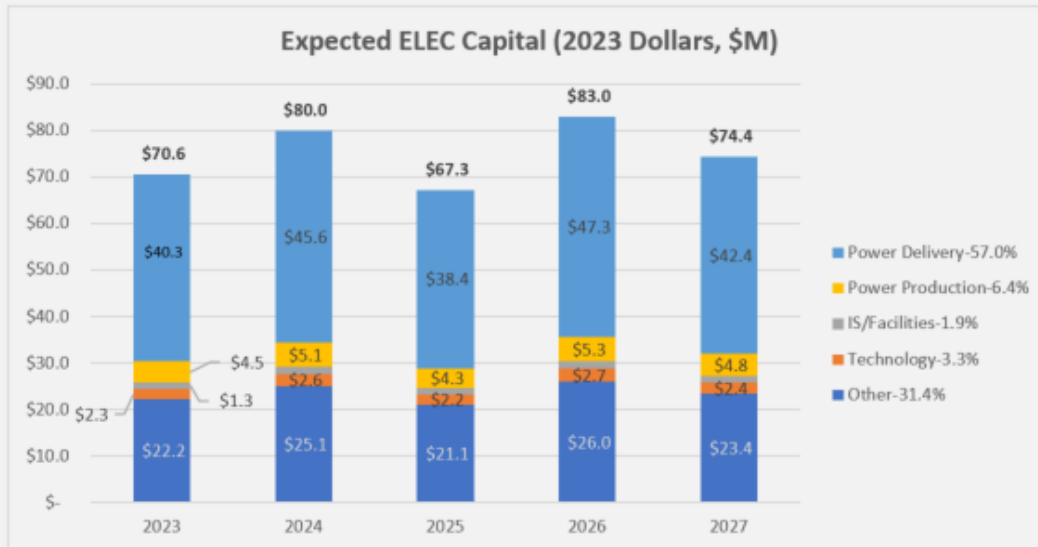


Note: Costs exclude Internal Labor

\$135 Million in 2023

- RUN + Fitness/Purchases (Operate & Maintain): Power Production = \$54.5M (49%), Power Delivery = \$30.6M (28%), IS/Facilities = \$6.5M (5%), Enterprise Technology = \$1.8M (2%), Fiber/Other = \$17.7M (16%)
- GROW (Enhance & Expand): Power Production = \$7.8M (43%), Power Delivery = \$5.3M (30%), IS/Facilities = \$0.2M (1%), Enterprise Technology = \$0.2M (1%), Fiber/Other = \$4.5 (25%)
- TRANSFORM (Innovate & Drive): Power Production = \$0.0M (0%), Power Delivery = \$4.4M (75%), IS/Facilities = \$0 (0%), Enterprise Technology = \$1.5M (25%), Fiber/Other = \$0 (0%)

2023 Electric System Capital Plan



Fiber System

- Included in the Electric system capital plan

Fiber Expansion Project

- 2023-2024 = +\$30.0M

Broadband Customer Connects

- 2022-2026 = +\$20.0M

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 2023, 10 projects represent 76% of expected spend of \$70.6M
(this was 70% in 2022)

Notable Forecasted Projects

Portfolio Summary

6 DB2 Projects represent 20% of 2023 expected spend \$14.1M
2 IQ projects represent 5% of 2023 expected spend \$3.8M
2 LPS projects represent 17% of 2023 expected spend \$5.6M

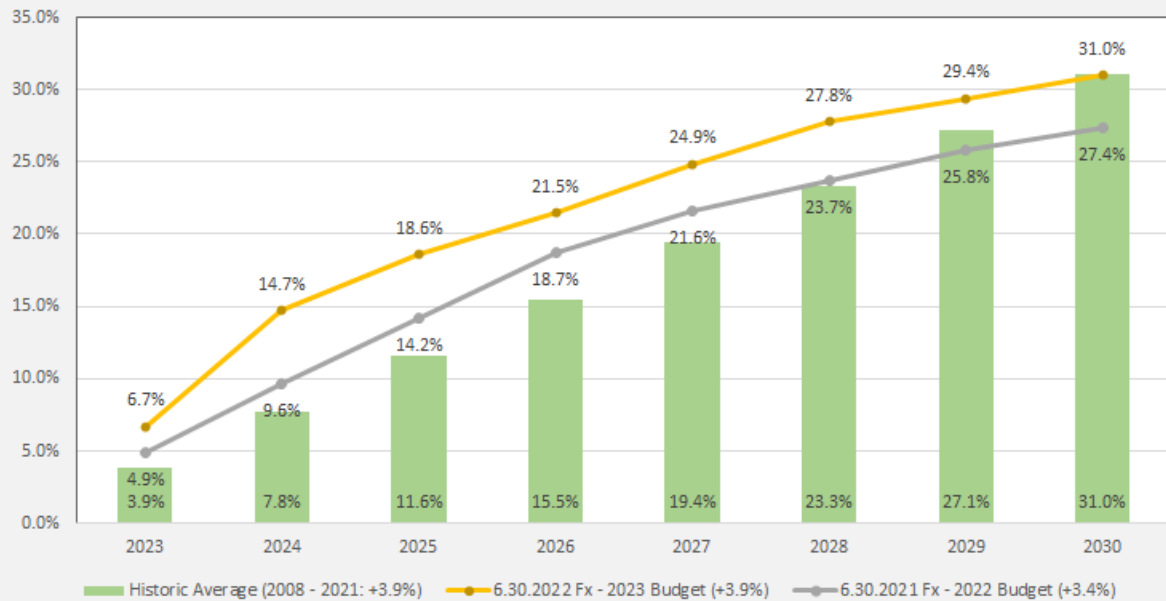
Project Summary

6 DB2 projects have a aggregate project forecast of \$20.9M for 2023
5 IQ projects have a aggregate project forecast of \$24.1M for 2023
13 LPS projects have a aggregate project forecast of \$66.6M for 2023

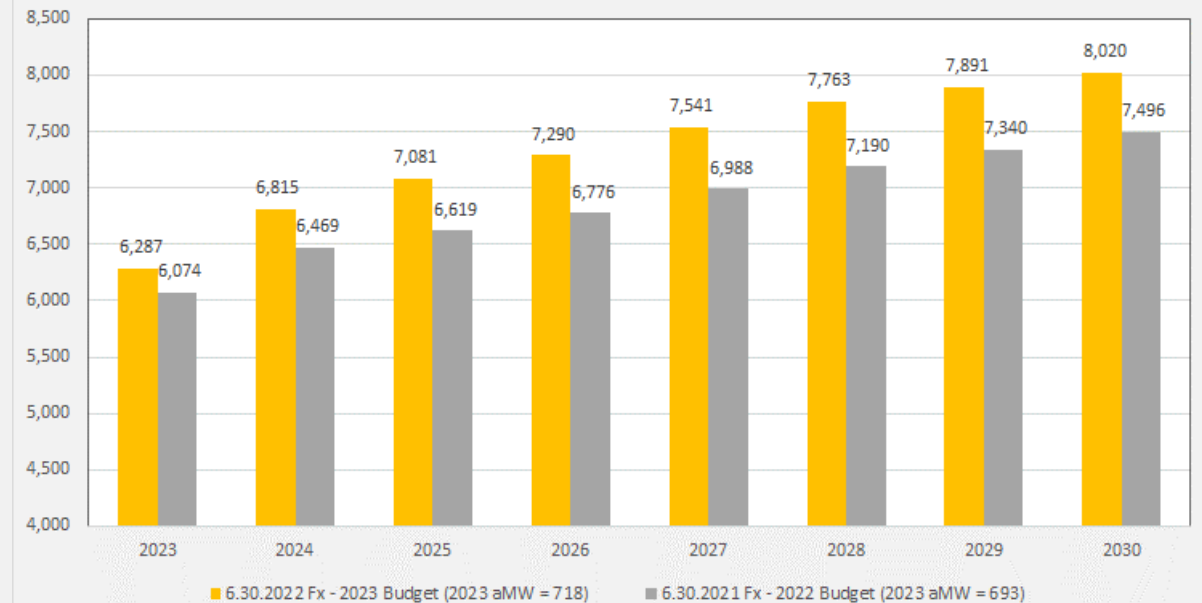
Note: Costs exclude Internal Labor

2023 Electric System Capital Plan – Load Growth

2023 Retail Sales Forecast - Growth Rate %

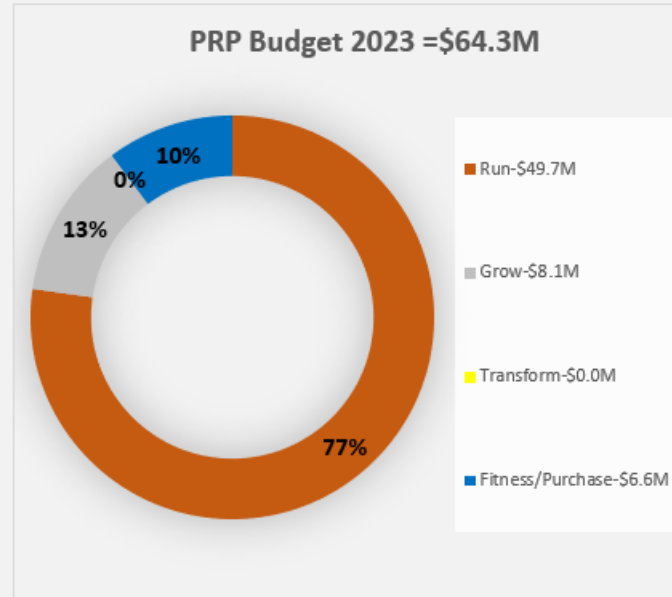


2023 Retail Sales Forecast - GWh



- Forecast over Forecast, for 2023 through 2030, load growth rates increase by 0.5%
 - The 2023 growth outpaces the previous forecast by 2.7%
 - By 2030 growth rates have diverged by 3.6%
 - 2023 Fx = 6.7% annual growth vs 2022 Fx = 4.9% annual growth
- Current expected load growth nearly intercepts the historical rate of 3.9% in 2030
 - The increasing growth rate is associated with new large customers

2023 Priest Rapids System Capital Plan



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 %	Notable 2023 Projects
-in 2023, 3 projects represent 83% of expected spend of \$64.3M (this was 70% in 2022)	PR Embankment improvements represents 33% of 2023 expected spend 2023 expected spend \$21.4M of the \$64.3M PR Turbine upgrades represents 30% of 2023 expected spend 2023 expected spend \$19.6M of the \$64.3M PR Generator rewind represents 17% of 2023 expected spend 2023 expected spend \$10.9M of the \$64.3M

Note: Costs exclude Internal Labor

Expense Offsets for 2023 Budget

1. Contributions in Aid of Construction	(\$10.7M)
(Money paid by customers to build infrastructure)	
2. Sales to Power Purchasers at Cost	(\$13.8M)
(Long-term external share)	
3. Net Power (expenses minus revenue)	(\$95.2M)
(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	(\$119.8M)
6. Total Expenses after Offsets	\$319.9M

CIACs

- Customer contributions range from small residential connections (~\$1.2M annually) up to large +20MVA industrial customer substation builds. Compared to the 2022 budget, this is an increase of \$2.4M.

Sales to Power Purchasers

- Compared to the 2022 budget, this is a reduction of \$8.6M. The change is volumetric and driven by increased retail power demand.

Net Power

- Compared to the 2022 budget, 2023 shows an increase of \$13.6M. This is driven by favorable wholesale market pricing. Compared to the market forecast used for the 2022 budget, wholesale market prices have increased by \$16.92/MWh.

Change in Total Offsets and impact on Total Expenses

- For 2023, offsets have increased by \$18.0M, mostly driven by the Net Power item and favorable wholesale market impacts.
- Overall, compared to the 2020 budget, Total Expenses after Offsets have increased by \$34.6M (12%).
 - Compared to previous expectations for 2023 (based on Q2 of this year), this is an increase of \$10.9M (3.5%).

Preliminary Budget Summary – Total Expenditures

<i>Exhibit A - \$'s in thousands</i>	Current	Forecast ----->					
BUDGETED ITEMS	2022	2023	2024	2025	2026	2027	2028
TOTAL O&M	162,540	188,170	194,098	201,797	208,743	216,296	223,382
TAXES	20,874	21,382	22,832	23,852	24,810	25,849	26,868
ELECTRIC CAPITAL	90,835	80,842	100,327	88,979	110,221	103,271	64,527
PRP CAPITAL	61,012	74,139	56,081	72,408	56,192	68,333	72,431
DEBT SERVICE (net of rebates)	75,569	72,084	73,658	76,327	80,649	95,126	99,246
TOTAL EXPENDITURES	410,830	436,617	446,996	463,364	480,615	508,876	486,453
Expenditure offsets for deduction							
Contributions in Aid of Construction	(9,901)	(10,713)	(12,257)	(12,650)	(11,297)	(11,490)	(6,853)
Sales to Power Purchasers at Cost	(13,568)	(13,774)	(14,183)	(14,472)	(15,032)	(15,416)	(15,425)
Net Power (+ Expense, - Revenue)	(78,222)	(95,178)	(84,182)	(62,511)	(42,203)	(34,776)	(25,089)
Conservation Loans	(125)	(125)	(125)	(125)	(125)	(125)	(125)
TOTAL EXPENDITURE OFFSETS	(101,816)	(119,790)	(110,746)	(89,757)	(68,656)	(61,806)	(47,491)
TOTAL BUDGETED EXPENDITURES	309,014	316,827	336,250	373,606	411,959	447,070	438,962

TOTAL O&M

- 2023 is projected to be a \$24.8M increase over current 2022 expectations.
 - \$11.7M is driven by inflation.
 - \$13.1M is related to the 2023 business plan.

ELEC & PRP Capital

- Inflation will impact both the ELEC and PRP systems' 2023 capital plans.

	Inflation	Business Plan	Total
ELEC Sys	\$ 8,097	\$ (17,680)	\$ (9,584)
PRP Sys	\$ 3,456	\$ 10,065	\$ 13,520
Total	\$ 11,552	\$ (7,616)	\$ 3,937

Expenditure Offsets

- As noted above, the primary driver of offset benefits is Net Power (+\$17M compared to current 2022 projections). Compared to Q2 2022 expectations, both CIACs and Sales to Power Purchasers remain flat.

Preliminary Budget Summary – Net Position

<i>Exhibit B - \$'s in thousands</i>	Current	Forecast ----->					
CONSOLIDATED OPERATIONAL PERFORMANCE	2022	2023	2024	2025	2026	2027	2028
Sales to Power Purchasers at Cost	13,568	13,774	14,183	14,472	15,032	15,416	15,425
Retail Energy Sales	252,904	270,018	292,408	307,719	321,943	337,436	352,523
Net Power (Net Wholesale+Other Power Revenue)	78,222	95,178	84,182	62,511	42,203	34,776	25,089
Fiber Optic Network Sales	12,100	12,300	12,500	12,700	12,900	13,200	13,400
Other Revenues	2,354	2,354	2,354	2,354	2,354	2,354	2,354
Operating Expenses	(162,540)	(188,170)	(194,098)	(201,797)	(208,743)	(216,296)	(223,382)
Taxes	(20,874)	(21,382)	(22,832)	(23,852)	(24,810)	(25,849)	(26,868)
Net Operating Income(Loss) Before Depreciation	175,733	184,072	188,697	174,107	160,878	161,036	158,541
Depreciation and amortization	(75,522)	(77,841)	(80,694)	(83,637)	(87,743)	(89,785)	(93,195)
Net Operating Income (Loss)	100,211	106,231	108,003	90,470	73,136	71,251	65,346
Other Revenues (Expenses)							
Interest, debt and other income	(45,474)	(25,477)	(24,803)	(24,902)	(26,800)	(32,674)	(33,582)
CIAC	9,901	10,713	12,257	12,650	11,297	11,490	6,853
Change in Net Position	64,637	91,467	95,456	78,217	57,633	50,066	38,617

Retail Energy Sales

- There are two components for the increased sales forecast.
- **Volumes** have increased: Forecast vs forecast, for 2023, sales volume has increased by 24.4 aMW. By 2030, this difference is 59.8 aMW. This increase in sales demand is largely driven by industrial customers.
- **2% Rate Increase:** A 2% rate increase is assumed from 2023 through 2028.
- Compared to the previous forecast (the 2022 budget), for 2023, both price and volumes combine for a \$21.3M retail revenue increase.

Forecast Period

- **Sales to Power Purchasers:** Moving from 2024 through 2028, sales are expected to stay flat.
- **Net Power:** By 2028, the constraints on market activity due to load growth, constrain sales impacts by 74% compared to 2023.

Preliminary Budget Summary – Key Metrics

\$'s in thousands	Current	Forecast ----->					
	2022	2023	2024	2025	2026	2027	2028
FINANCIAL METRICS							
NET INCOME	64,637	91,467	95,456	78,217	57,633	50,066	38,617
LIQUIDITY (measured at year end)							
Elect System Liquidity (Rev + R&C)	109,668	111,014	112,392	113,860	116,019	118,221	120,467
Excess Liquidity	8,775	24,307	18,738	22,148	19,786	23,128	24,979
Days Cash On Hand	281	280	262	259	250	250	249
LEVERAGE							
Consolidated DSC	2.21	2.51	2.68	2.47	2.22	2.10	1.81
Consolidated Debt/Plant Ratio	47%	45%	44%	44%	45%	46%	47%
PROFITABILITY							
Consolidated Return on Net Assets	2.7%	3.7%	3.8%	3.0%	2.1%	1.8%	1.4%
Retail Operating Ratio	108%	109%	104%	103%	102%	104%	104%

Profitability Metrics

- **Return on Net Assets** – Targets *not* met in any years 2023 through 2028
 - Compared to the 2022 budget, 2023 is favorable +0.7% and the forecast period 2024-2028 is favorable +0.8% on an average annual basis.
- **Retail Operating Ratio** – Targets *not* met in any years 2023 through 2028
 - Compared to the 2022 budget, 2023 is unfavorable, increasing by 1.2%; for the forecast period 2024-2028 the metric shows significant improvement, decreasing by 8.1% on an average annual basis.

Liquidity Metrics

- **Electric System Liquidity** – Targets met all years 2023 through 2028
- **Days Cash on Hand** – Targets met for years 2023 through 2027. Current forecast does *not* meet the target in 2028.

Leverage Metrics

- **Debt Service Coverage** – Targets met all years 2023 through 2028.
- **Debt-to-Plant Ratio** – Targets met all years 2023 through 2028.

04

Appendix A - Scenarios

Events that could have a significant impact on budget

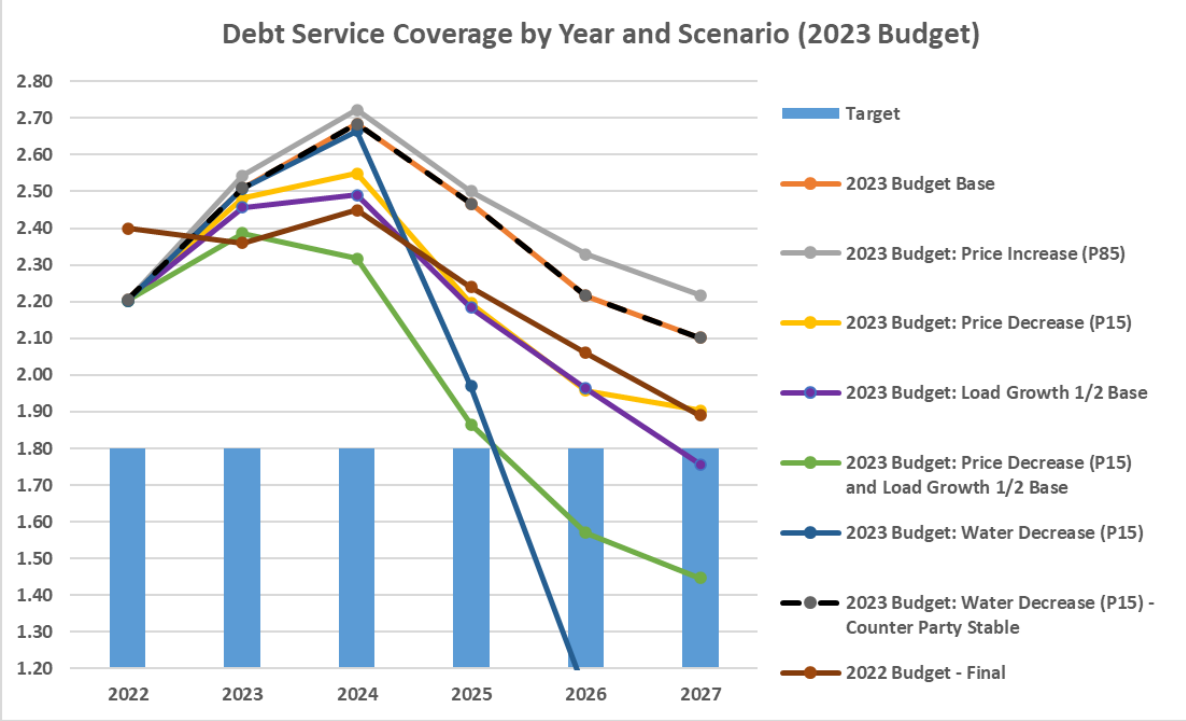


Operational Scenario Descriptions

6 Scenarios – provide metrics impact for movement in volatile parts of Grant PUD operations

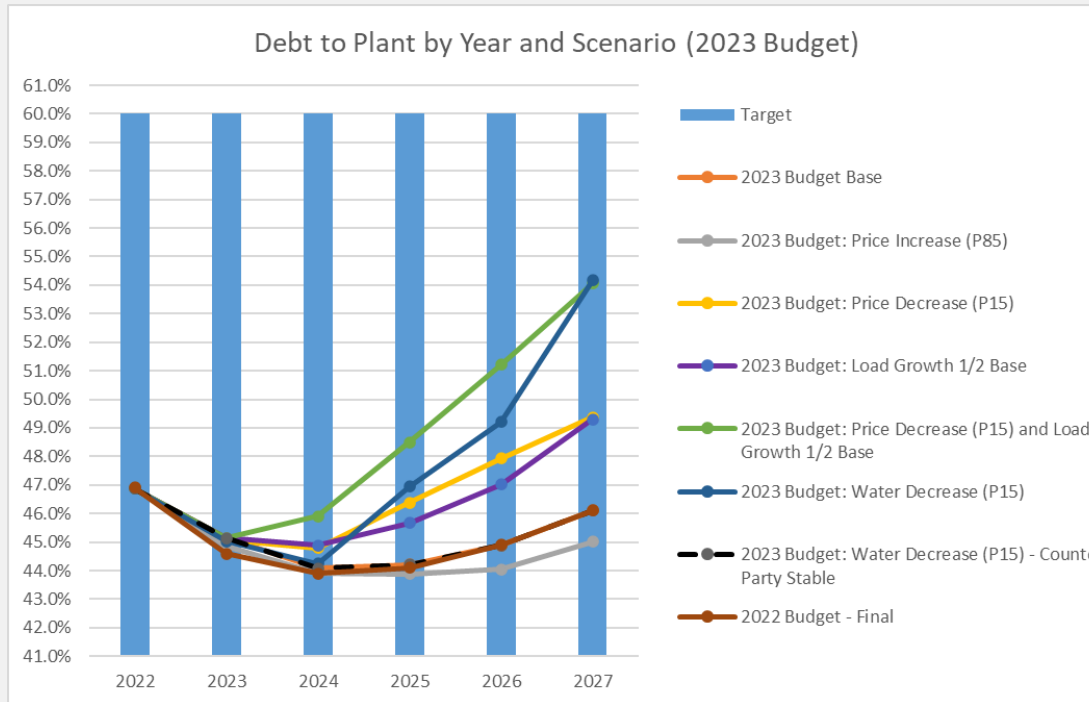
- Scenarios that provide insight on Grant PUD's exposure to wholesale prices, that is selling and buying from the market when Grant's resources don't match load needs.
 - High wholesale prices (P85, prices only higher 15% of time)
 - Low wholesales prices (P15, prices only lower 15% of time)
- Scenarios that show how Grant PUD's financial metrics respond when load growth (electricity sales to retail customers) slows down from expected growth.
 - Low load growth at $\frac{1}{2}$ growth rate of base forecast
 - Low load growth ($\frac{1}{2}$ Base) combined with low wholesale prices (P15)
- Scenarios that provide the impact of changing water conditions on the Columbia River
 - Low water (P15, water flow at dams only lower 15% of the time) Isolated
 - Low water and Counter Party Stable

Operational Scenarios – Comparison to Base Budget



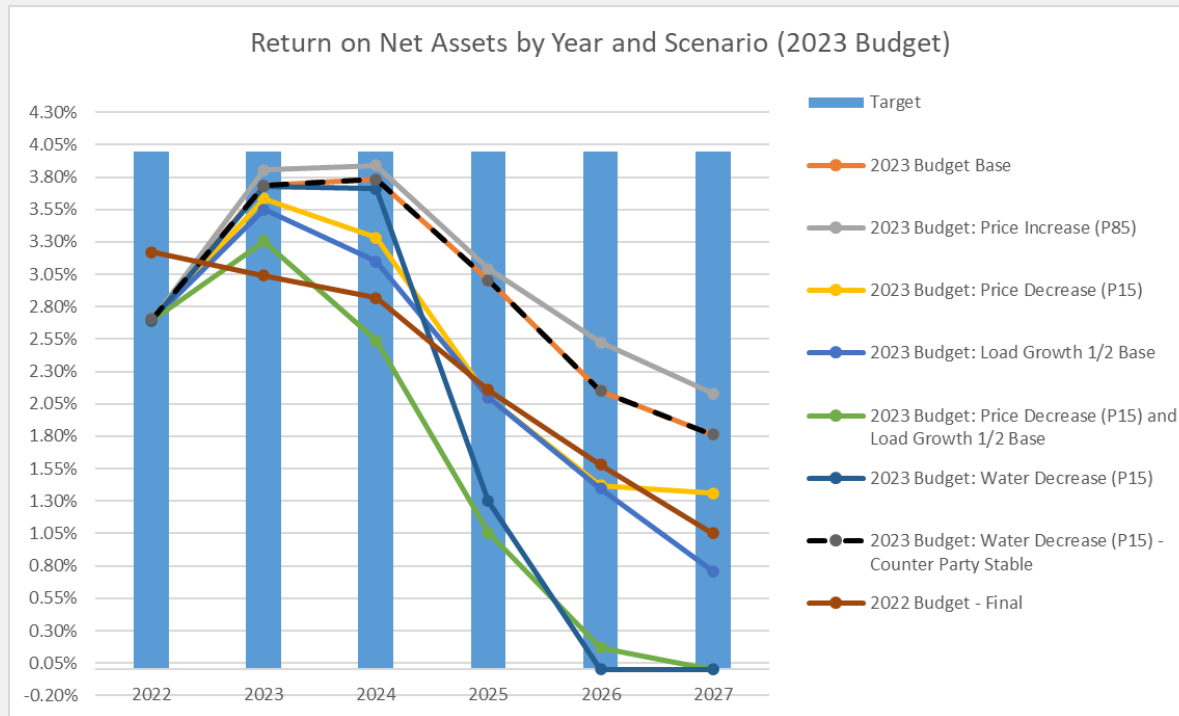
Debt Service Coverage (DSC)	2022	2023	2024	2025	2026	2027	2028
Target	1.80	1.80	1.80	1.80	1.80	1.80	1.80
2023 Budget Base	2.21	2.51	2.68	2.47	2.22	2.10	1.81
2023 Budget: Price Increase (P85)	2.20	2.54	2.72	2.50	2.33	2.22	1.94
2023 Budget: Price Decrease (P15)	2.20	2.48	2.55	2.20	1.96	1.90	1.77
2023 Budget: Load Growth 1/2 Base	2.20	2.46	2.49	2.18	1.96	1.76	1.49
2023 Budget: Price Decrease (P15) and Load Growth 1/2 Base	2.20	2.39	2.32	1.87	1.57	1.45	1.29
2023 Budget: Water Decrease (P15)	2.20	2.51	2.67	1.97	1.13	1.16	1.01
2023 Budget: Water Decrease (P15) - Counter Party Stable	2.21	2.51	2.68	2.47	2.22	2.10	1.81
2022 Budget - Final	2.40	2.36	2.45	2.24	2.06	1.89	1.64

Operational Scenarios – Comparison to Base Budget



Debt to Net Plant	2022	2023	2024	2025	2026	2027	2028
Target	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
2023 Budget Base	46.9%	45.1%	44.1%	44.2%	44.9%	46.1%	46.7%
2023 Budget: Price Increase (P85)	46.9%	44.9%	43.9%	43.9%	44.0%	45.0%	45.3%
2023 Budget: Price Decrease (P15)	46.9%	45.1%	44.8%	46.4%	47.9%	49.4%	49.8%
2023 Budget: Load Growth 1/2 Base	46.9%	45.1%	44.9%	45.7%	47.0%	49.3%	50.8%
2023 Budget: Price Decrease (P15) and Load Growth 1/2 Base	46.9%	45.1%	45.9%	48.5%	51.2%	54.1%	56.0%
2023 Budget: Water Decrease (P15)	46.9%	45.0%	44.2%	46.9%	49.2%	54.2%	52.9%
2023 Budget: Water Decrease (P15) - Counter Party Stable	46.9%	45.1%	44.1%	44.2%	44.9%	46.1%	46.7%
2022 Budget - Final	46.9%	44.6%	43.9%	44.1%	44.9%	46.1%	47.0%

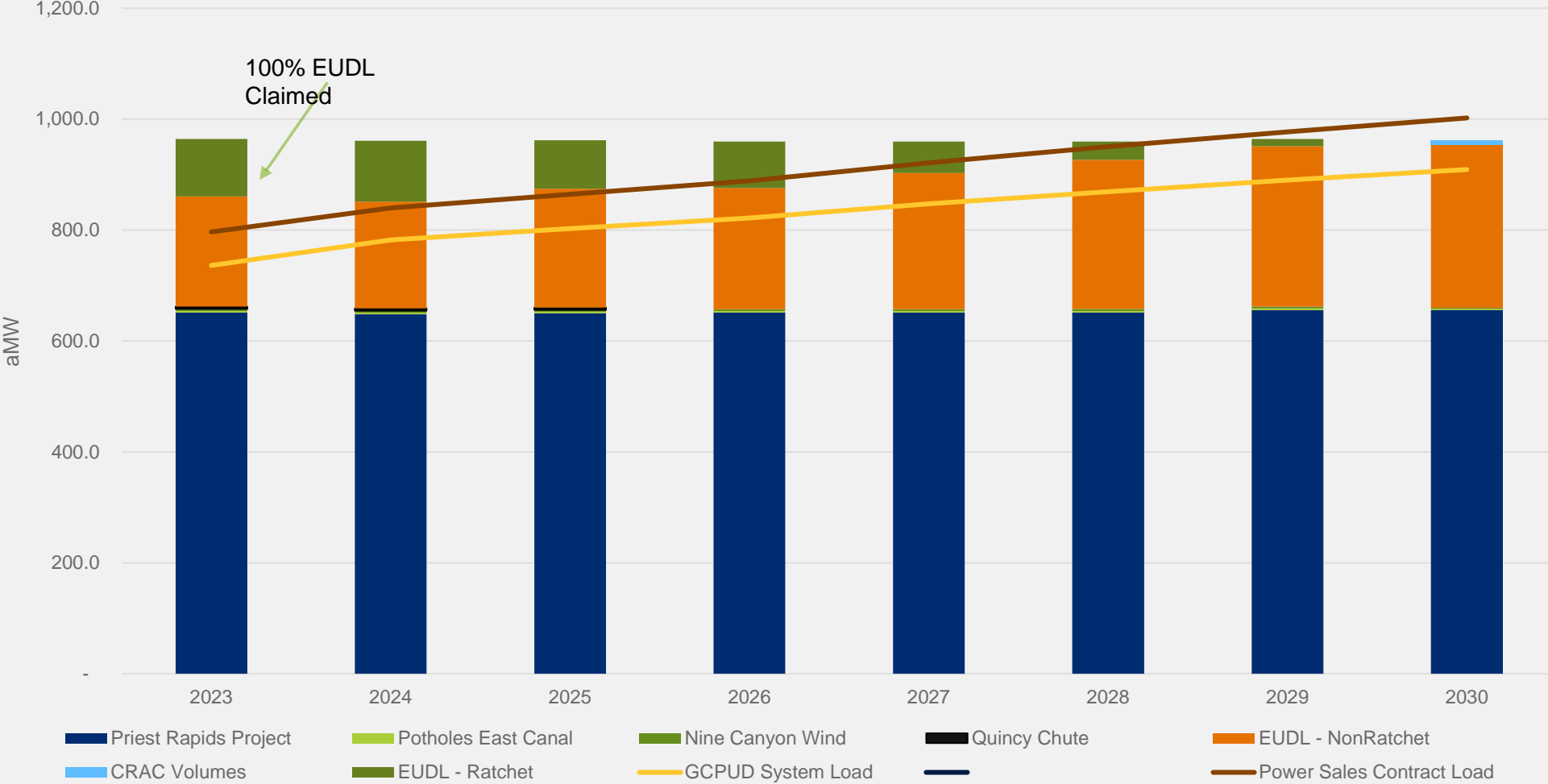
Operational Scenarios – Comparison to Base Budget



Return on Net Assets (RONA)	2022	2023	2024	2025	2026	2027	2028
Target	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
2023 Budget Base	2.70%	3.74%	3.78%	3.01%	2.15%	1.81%	1.38%
2023 Budget: Price Increase (P85)	2.70%	3.85%	3.89%	3.09%	2.52%	2.13%	1.78%
2023 Budget: Price Decrease (P15)	2.69%	3.64%	3.33%	2.10%	1.42%	1.36%	1.43%
2023 Budget: Load Growth 1/2 Base	2.70%	3.55%	3.15%	2.10%	1.40%	0.76%	0.32%
2023 Budget: Price Decrease (P15) and Load Growth 1/2 Base	2.69%	3.31%	2.54%	1.05%	0.17%	0.00%	0.00%
2023 Budget: Water Decrease (P15)	2.69%	3.73%	3.71%	1.30%	0.00%	0.00%	0.00%
2023 Budget: Water Decrease (P15) - Counter Party Stable	2.70%	3.74%	3.78%	3.01%	2.15%	1.81%	1.38%
2022 Budget - Final	3.22%	3.04%	2.87%	2.16%	1.58%	1.05%	0.75%

Operational Scenarios – Priest Rapids Remaining Availability Load Growth

Load vs Generation (aMW) as of July 2022
(for illustration purposes only)



Grant's total rights (physical and financial) to the project are exhausted in 2023

Grant County retail customers' loads won't surpass expected project capabilities until after 2030

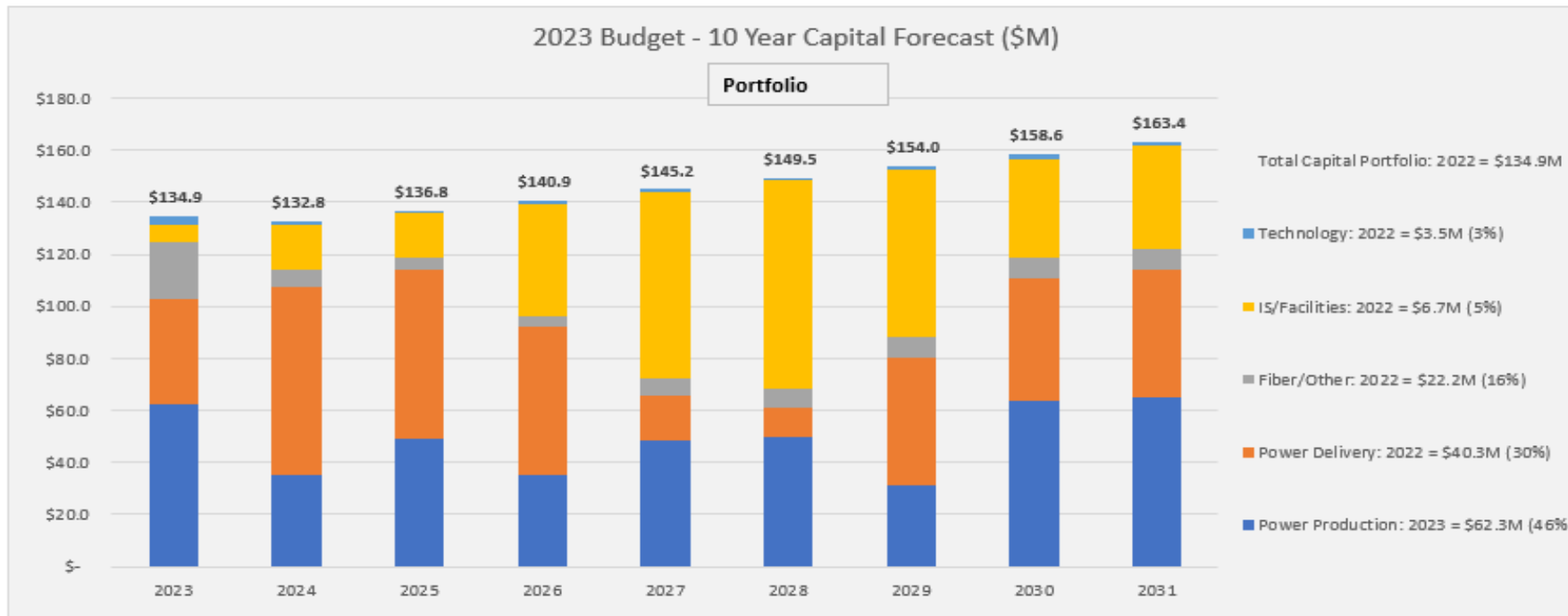
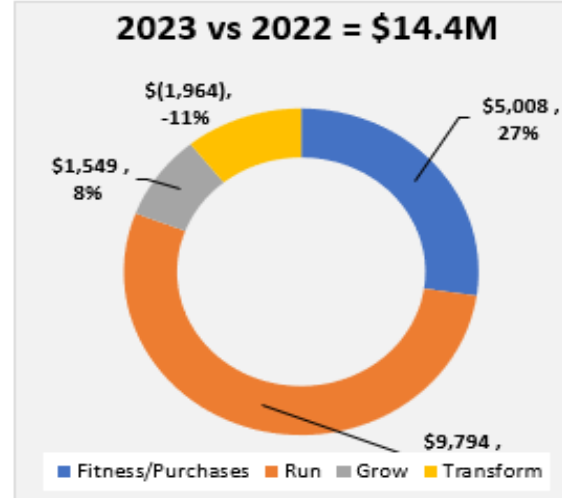
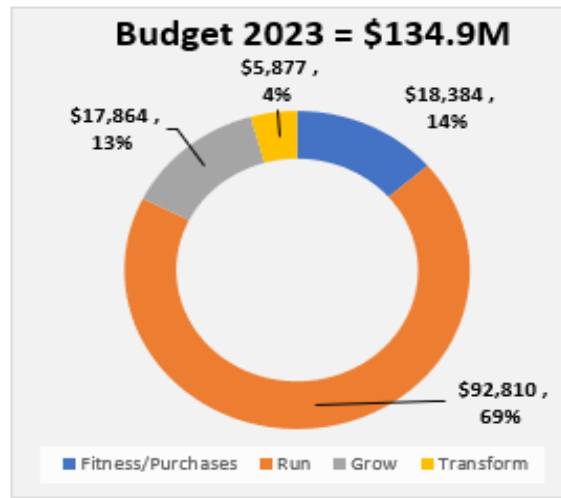
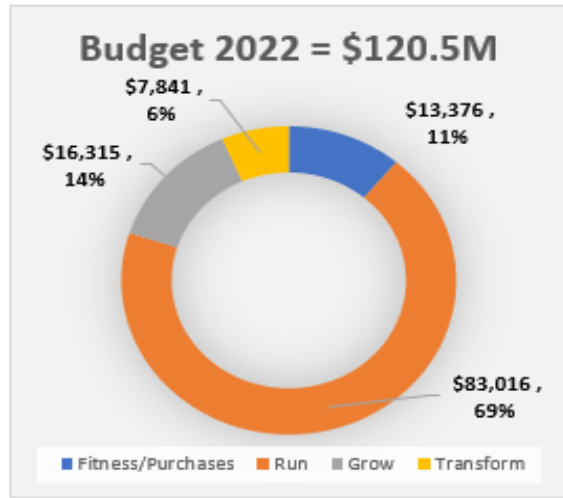


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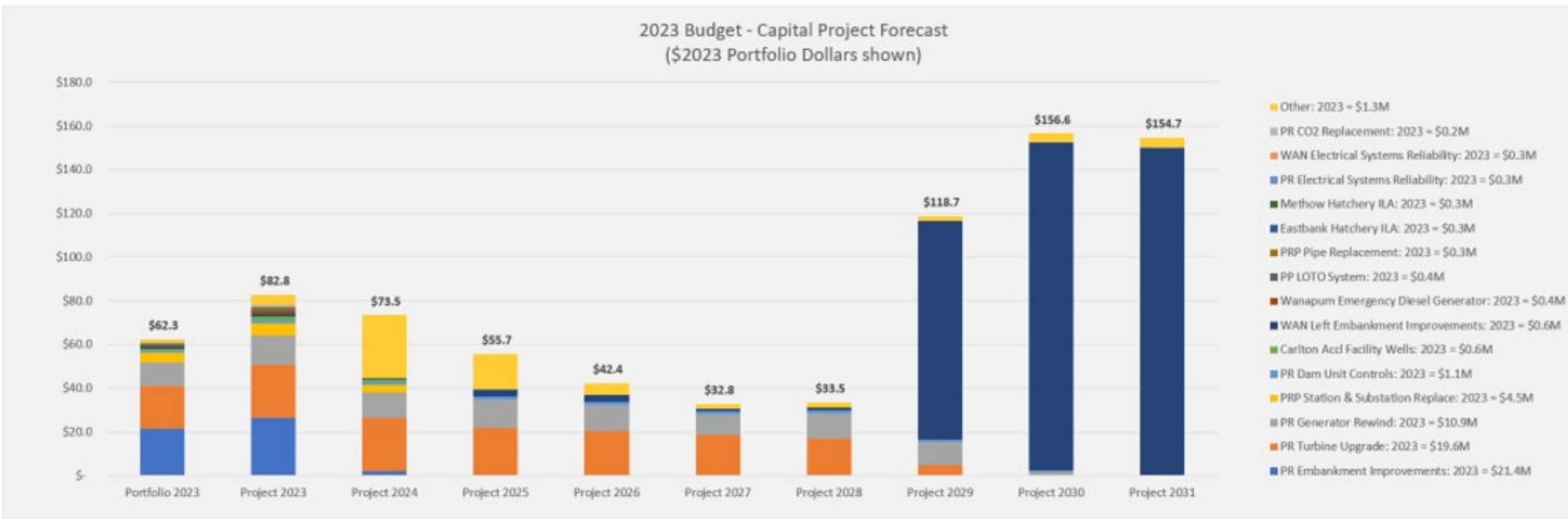
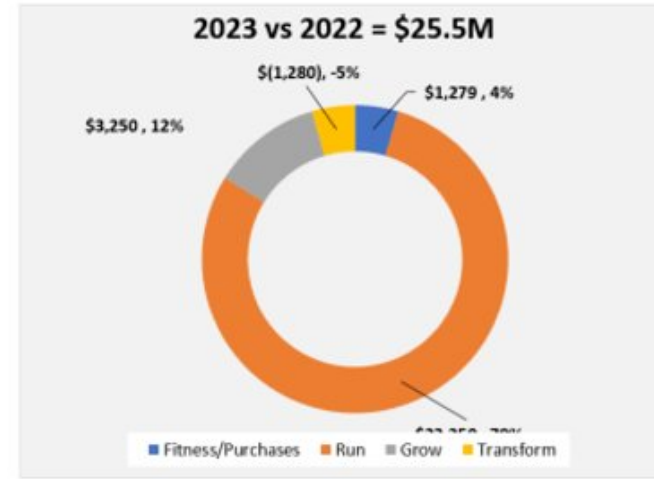
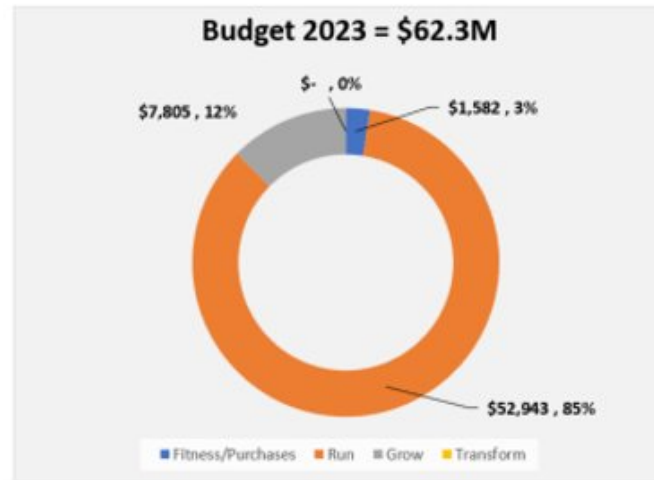
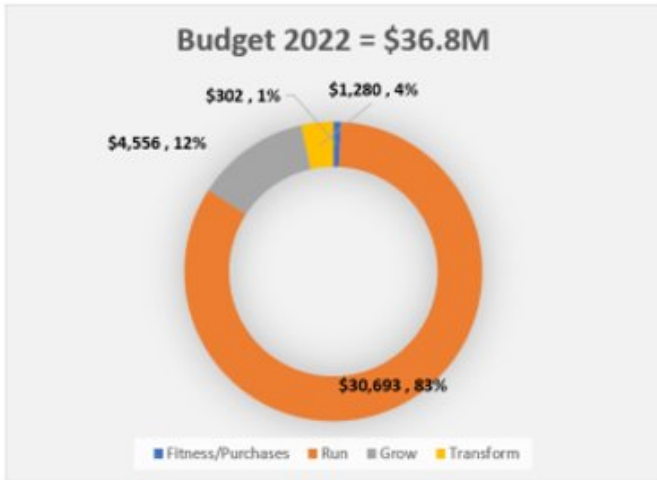
Appendix B – Capital Plan Details



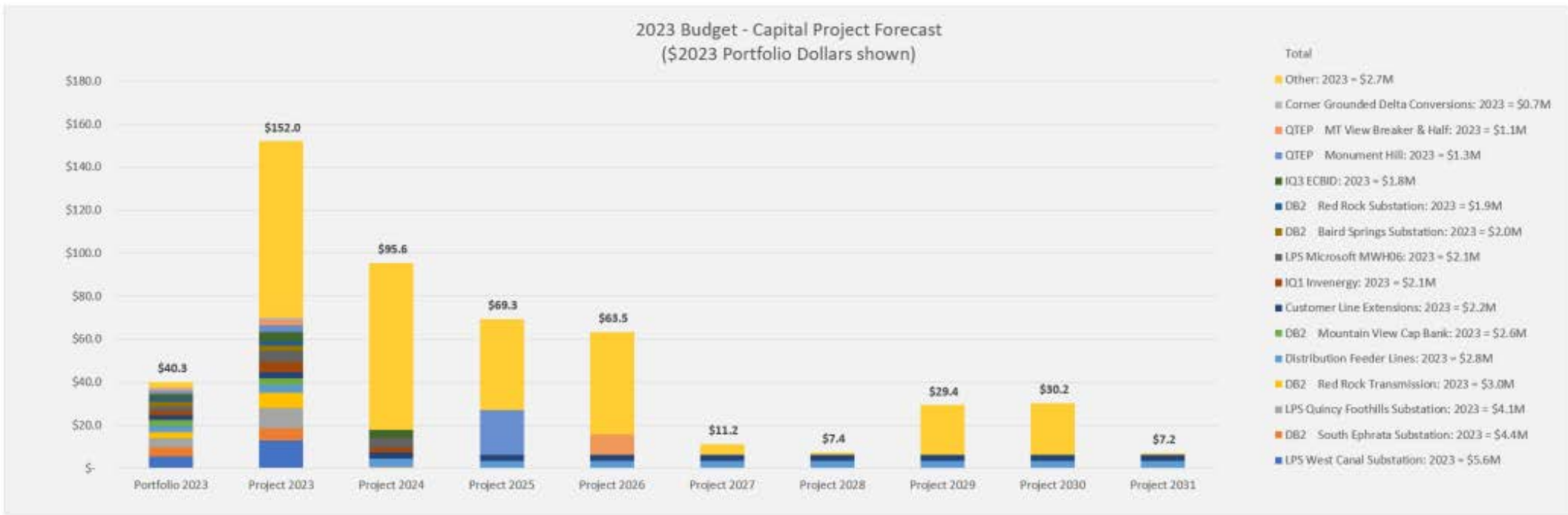
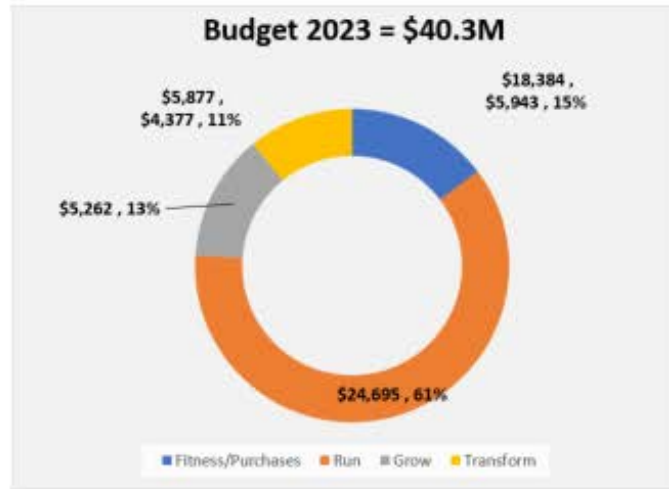
2023 Capital Plan – All Portfolio Dollars



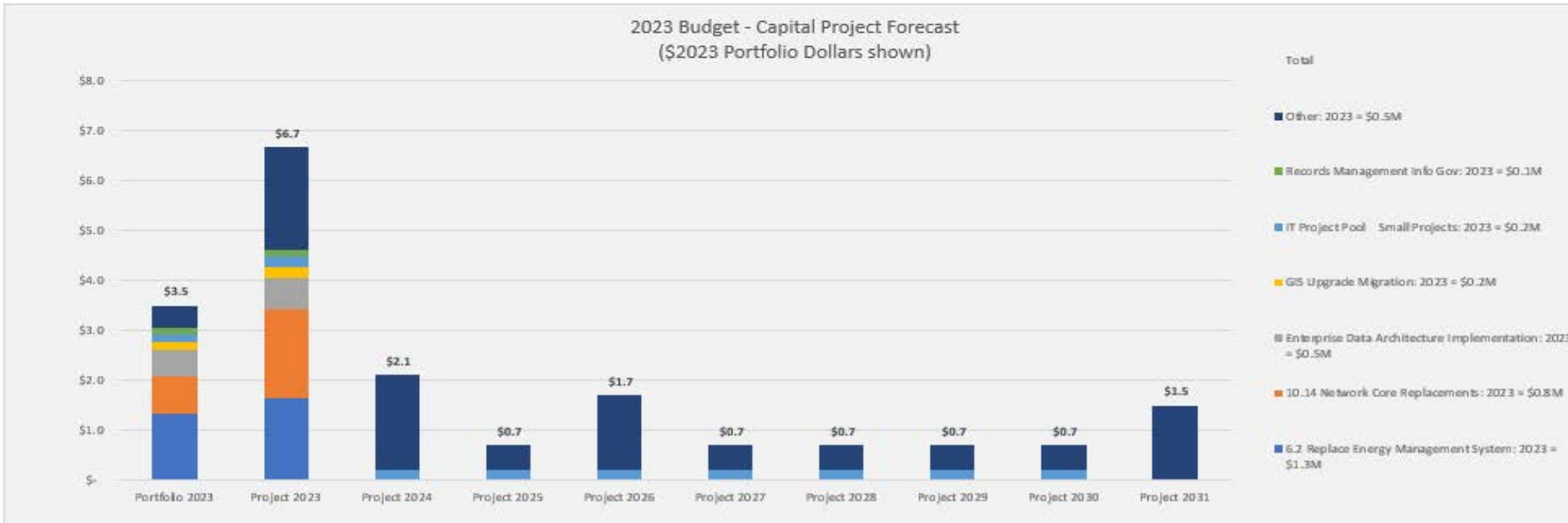
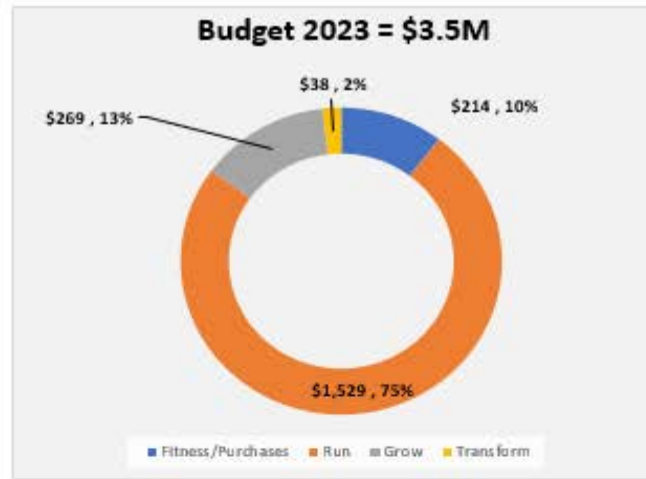
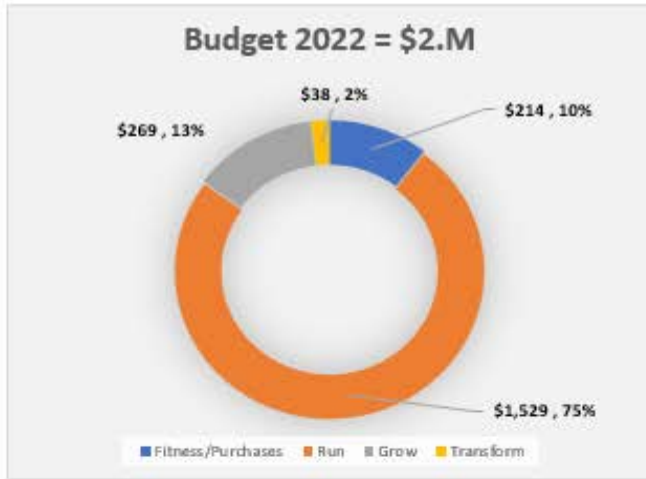
2023 Capital Plan – Power Production



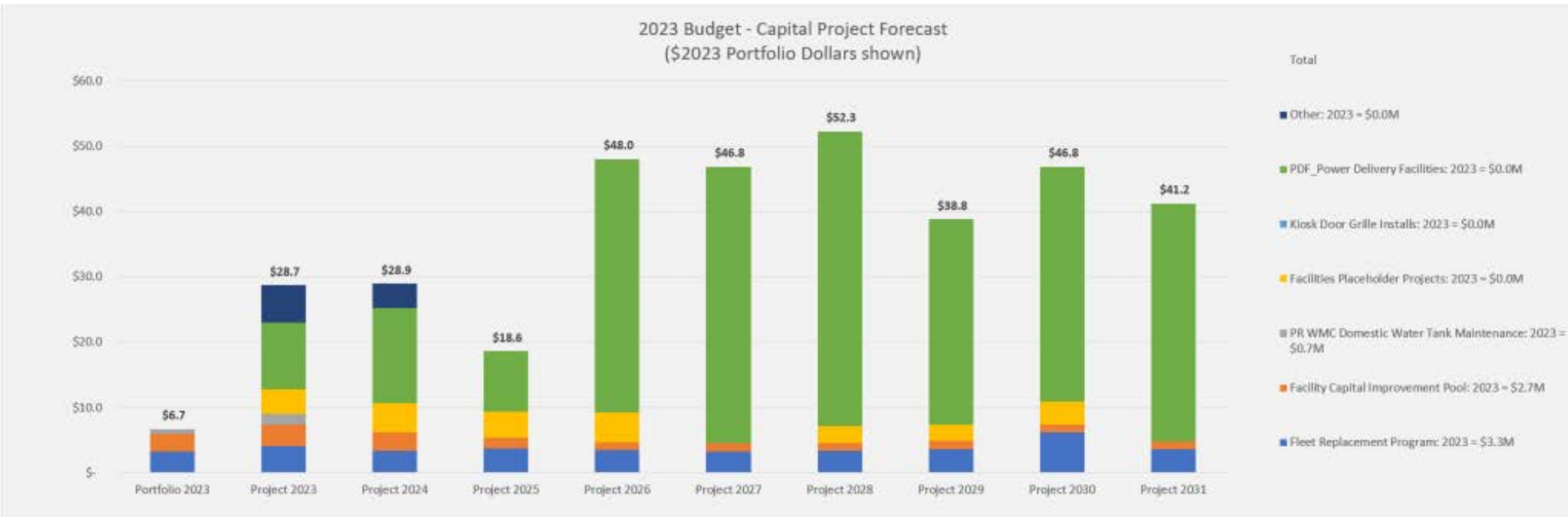
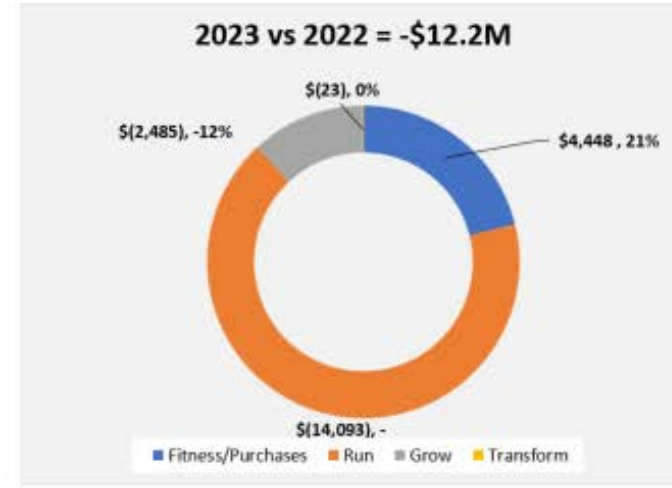
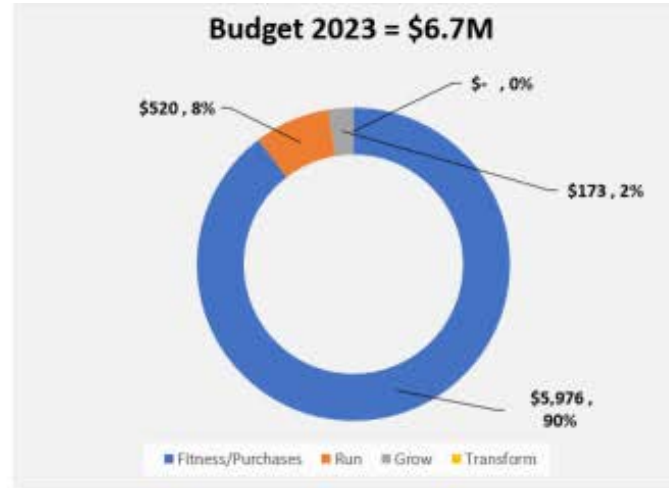
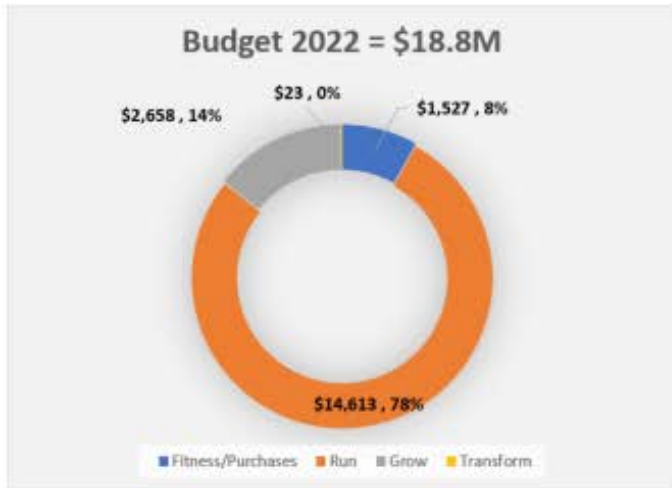
2023 Capital Plan – Power Delivery



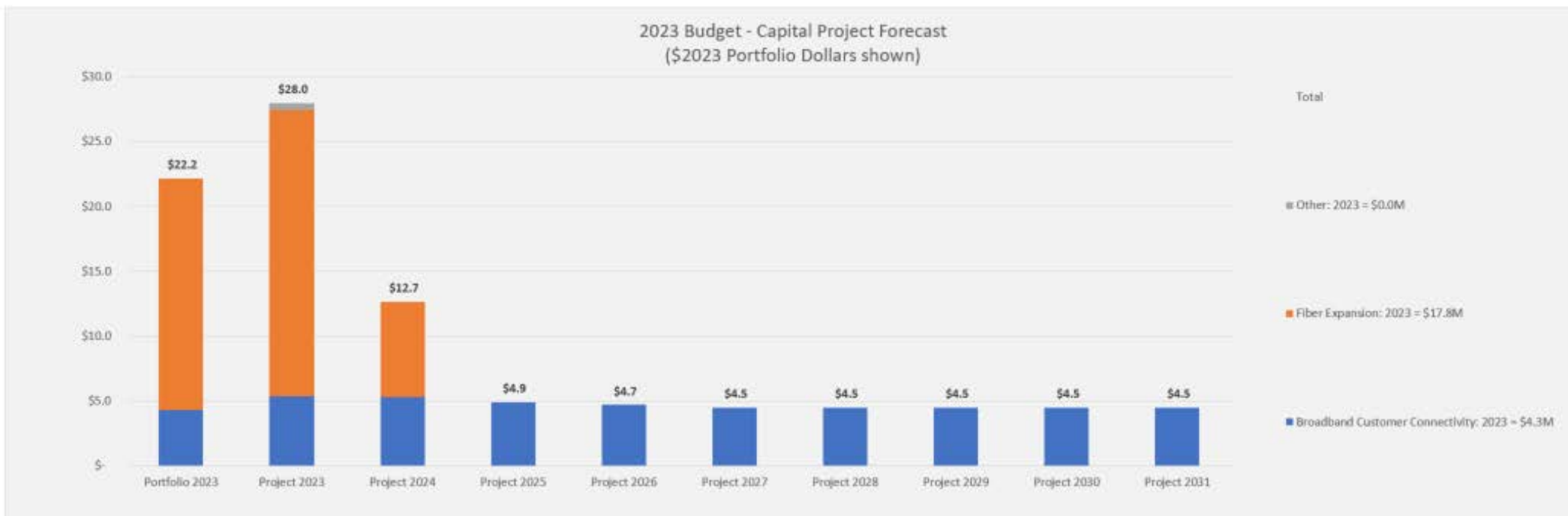
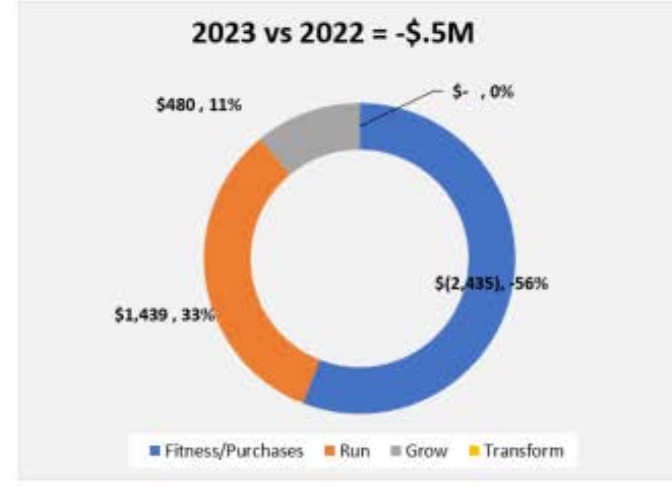
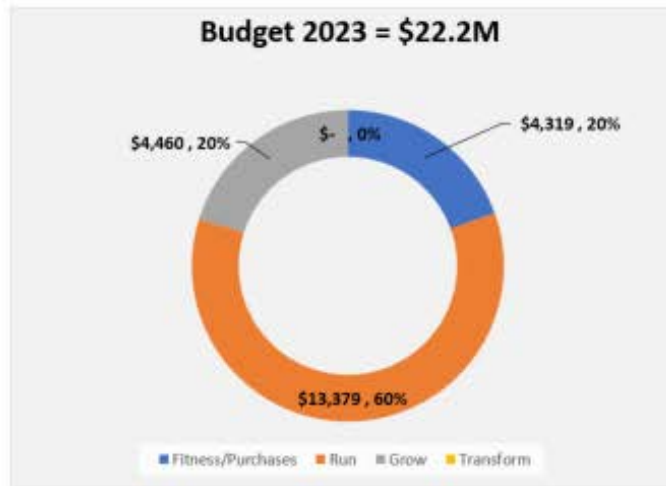
2023 Capital Plan – Technology



2023 Capital Plan – Internal-Services/Facilities



2023 Capital Plan – Fiber / Other



04

Appendix C – Rate Increase Scenarios



2023 Rate Increase Scenarios

3 Rate Scenarios

- **2% Rate Increase**

- This is the base case and is the basis for the presentation (See Exhibits A & B starting on slide 29)
- 2% increase is year over year for 2023 through 2028

- **3% Rate Increase**

- This scenario is a request from the Commission
- 3% increase is year over year for 2023 through 2028

- **3%-2% Rate Increase**

- This scenario is GCPUD's staff recommendation for the 2023 Budget
- 2023 = 3.0%, 2024 = 2.5%, and 2.0% for 2025 through 2028
 - The 3%-2% case best matches the PUD's past rate increase strategy (small, steady, and predictable) with current economic realities.
 - Current inflationary environment is of a generational magnitude and will likely impact more than 2023 (thus the 2.5% in 2024).
 - The 2% increases beginning in 2025 provide a planning target that can be adjusted based on future conditions to meet financial metrics and abide by rate resolution strategy.

2023 Rate Increase Scenarios: 3% Case

<i>Exhibit A - \$'s in thousands</i>	Current	Forecast ----->					
BUDGETED ITEMS	2022	2023	2024	2025	2026	2027	2028
TOTAL O&M	162,540	188,170	194,099	201,797	208,738	216,291	223,380
TAXES	20,874	21,556	23,212	24,462	25,659	26,964	28,273
ELECTRIC CAPITAL	90,835	80,842	100,327	88,979	110,221	103,271	64,527
PRP CAPITAL	61,012	74,139	56,081	72,408	56,192	68,333	72,431
DEBT SERVICE (net of rebates)	75,569	71,986	73,338	75,773	78,835	92,257	95,879
TOTAL EXPENDITURES	410,830	436,694	447,057	463,419	479,645	507,116	484,489
Expenditure offsets for deduction							
Contributions in Aid of Construction	(9,901)	(10,713)	(12,257)	(12,650)	(11,297)	(11,490)	(6,853)
Sales to Power Purchasers at Cost	(13,568)	(13,765)	(14,184)	(14,510)	(15,070)	(15,431)	(15,477)
Net Power (+ Expense, - Revenue)	(78,222)	(95,178)	(84,182)	(62,511)	(42,203)	(34,776)	(25,089)
Conservation Loans	(125)	(125)	(125)	(125)	(125)	(125)	(125)
TOTAL EXPENDITURE OFFSETS	(101,816)	(119,781)	(110,748)	(89,796)	(68,695)	(61,822)	(47,544)
TOTAL BUDGETED EXPENDITURES	309,014	316,913	336,310	373,624	410,950	445,294	436,945

2023 Rate Increase Scenarios: 3% Case

<i>Exhibit B - \$'s in thousands</i>	Current	Forecast ----->					
CONSOLIDATED OPERATIONAL PERFORMANCE	2022	2023	2024	2025	2026	2027	2028
Sales to Power Purchasers at Cost	13,568	13,765	14,184	14,510	15,070	15,431	15,477
Retail Energy Sales	252,904	272,425	297,706	316,264	333,867	353,114	372,336
Net Power (Net Wholesale+Other Power Revenue)	78,222	95,178	84,182	62,511	42,203	34,776	25,089
Fiber Optic Network Sales	12,100	12,300	12,500	12,700	12,900	13,200	13,400
Other Revenues	2,354	2,354	2,354	2,354	2,354	2,354	2,354
Operating Expenses	(162,540)	(188,170)	(194,099)	(201,797)	(208,738)	(216,291)	(223,380)
Taxes	(20,874)	(21,556)	(23,212)	(24,462)	(25,659)	(26,964)	(28,273)
Net Operating Income(Loss) Before Depreciation	175,733	186,296	193,615	182,081	171,996	175,621	177,004
Depreciation and amortization	(75,522)	(77,841)	(80,694)	(83,637)	(87,743)	(89,785)	(93,195)
Net Operating Income (Loss)	100,211	108,455	112,921	98,443	84,253	85,836	83,808
Other Revenues (Expenses)							
Interest, debt and other income	(45,474)	(25,485)	(24,598)	(24,677)	(25,521)	(30,727)	(31,323)
CIAC	9,901	10,713	12,257	12,650	11,297	11,490	6,853
Change in Net Position	64,637	93,683	100,580	86,416	70,029	66,598	59,338

<i>\$'s in thousands</i>	Current	Forecast ----->					
FINANCIAL METRICS	2022	2023	2024	2025	2026	2027	2028
NET INCOME	64,637	93,683	100,580	86,416	70,029	66,598	59,338
LIQUIDITY (measured at year end)							
Elect System Liquidity (Rev + R&C)	109,668	111,014	112,392	113,860	115,164	118,221	120,467
Excess Liquidity	8,775	20,658	20,418	20,494	20,895	23,751	27,227
Days Cash On Hand	281	273	264	256	250	250	250
LEVERAGE							
Consolidated DSC	2.21	2.54	2.75	2.57	2.36	2.31	2.04
Consolidated Debt/Plant Ratio	47%	45%	44%	44%	44%	45%	44%
PROFITABILITY							
Consolidated Return on Net Assets	2.7%	3.8%	4.0%	3.3%	2.6%	2.4%	2.1%
Retail Operating Ratio	108%	108%	102%	100%	98%	100%	98%

Retail Rate Increase Impact

- The 3% is applied from the budget year through 2028.
- For 2023 through 2028, on a current year nominal basis, the 3% case generates an additional \$63.6M of Retail Revenue.
- The most significant impact is on the **Profitability Metrics**.
- **Return on Net Assets** – Target **is** met in 2024, but **not** met in any other years
- **Retail Operating Ratio** – Target is **not** met in years 2023 and 2024, but **is** met in 2025 through 2028.
 - Compared to the 2% base case, the 3% increase improves both metrics' performance.

2023 Rate Increase Scenarios: 3%-2% Case

<i>Exhibit A - \$'s in thousands</i>	Current	Forecast ----->					
BUDGETED ITEMS	2022	2023	2024	2025	2026	2027	2028
TOTAL O&M	162,540	188,170	194,099	201,798	208,741	216,294	223,383
TAXES	20,874	21,556	23,117	24,155	25,125	26,178	27,212
ELECTRIC CAPITAL	90,835	80,842	100,327	88,979	110,221	103,271	64,527
PRP CAPITAL	61,012	74,139	56,081	72,408	56,192	68,333	72,431
DEBT SERVICE (net of rebates)	75,569	71,986	73,372	75,958	79,701	93,716	97,695
TOTAL EXPENDITURES	410,830	436,694	446,996	463,298	479,980	507,792	485,248
Expenditure offsets for deduction							
Contributions in Aid of Construction	(9,901)	(10,713)	(12,257)	(12,650)	(11,297)	(11,490)	(6,853)
Sales to Power Purchasers at Cost	(13,568)	(13,765)	(14,178)	(14,489)	(15,045)	(15,407)	(15,411)
Net Power (+ Expense, - Revenue)	(78,222)	(95,178)	(84,182)	(62,511)	(42,203)	(34,776)	(25,089)
Conservation Loans	(125)	(125)	(125)	(125)	(125)	(125)	(125)
TOTAL EXPENDITURE OFFSETS	(101,816)	(119,781)	(110,741)	(89,774)	(68,669)	(61,797)	(47,478)
TOTAL BUDGETED EXPENDITURES	309,014	316,913	336,255	373,523	411,310	445,995	437,770

2023 Rate Increase Scenarios: 3%-2% Case

<i>Exhibit B - \$'s in thousands</i>	Current	Forecast ----->					
CONSOLIDATED OPERATIONAL PERFORMANCE	2022	2023	2024	2025	2026	2027	2028
Sales to Power Purchasers at Cost	13,568	13,765	14,178	14,489	15,045	15,407	15,411
Retail Energy Sales	252,904	272,425	296,375	311,964	326,364	342,063	357,372
Net Power (Net Wholesale+Other Power Revenue)	78,222	95,178	84,182	62,511	42,203	34,776	25,089
Fiber Optic Network Sales	12,100	12,300	12,500	12,700	12,900	13,200	13,400
Other Revenues	2,354	2,354	2,354	2,354	2,354	2,354	2,354
Operating Expenses	(162,540)	(188,170)	(194,099)	(201,798)	(208,741)	(216,294)	(223,383)
Taxes	(20,874)	(21,556)	(23,117)	(24,155)	(25,125)	(26,178)	(27,212)
Net Operating Income(Loss) Before Depreciation	175,733	186,296	192,373	178,065	164,999	165,327	163,032
Depreciation and amortization	(75,522)	(77,841)	(80,694)	(83,637)	(87,743)	(89,785)	(93,195)
Net Operating Income (Loss)	100,211	108,455	111,679	94,428	77,257	75,542	69,837
Other Revenues (Expenses)							
Interest, debt and other income	(45,474)	(25,485)	(24,597)	(24,755)	(26,117)	(31,724)	(32,526)
CIAC	9,901	10,713	12,257	12,650	11,297	11,490	6,853
Change in Net Position	64,637	93,683	99,338	82,323	62,437	55,308	44,164

<i>\$'s in thousands</i>	Current	Forecast ----->					
FINANCIAL METRICS	2022	2023	2024	2025	2026	2027	2028
NET INCOME	64,637	93,683	99,338	82,323	62,437	55,308	44,164
LIQUIDITY (measured at year end)							
Elect System Liquidity (Rev + R&C)	109,668	111,014	112,392	113,860	116,019	118,221	120,467
Excess Liquidity	8,775	20,658	21,129	20,956	21,670	23,626	26,037
Days Cash On Hand	281	273	265	257	253	251	250
LEVERAGE							
Consolidated DSC	2.21	2.54	2.74	2.52	2.28	2.17	1.88
Consolidated Debt/Plant Ratio	47%	45%	44%	44%	44%	45%	46%
PROFITABILITY							
Consolidated Return on Net Assets	2.7%	3.8%	3.9%	3.2%	2.3%	2.0%	1.6%
Retail Operating Ratio	108%	108%	103%	102%	101%	103%	102%

Retail Rate Increase Impact

- The 3%-2% case is as follows:
- 2023 = 3.0%
- 2024 = 2.5%
- 2025 and forward = 2.0%
- For 2023 through 2028, on a current year nominal basis, the 3%-2% case generates an additional \$24.5M of Retail Revenue compared to the 2% base case.
- This is GCPUD staff's recommendation.
- The 3.0% and 2.5% rate increase in 2023-2024 will help offset
- Expected inflation pressure
 - Improve the longer-term financial metric performance for both the Liquidity and Leverage metrics, and
 - Starting in 2025, return to the 2% rate increases.



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