

Public Utility District No. 1 of Franklin County

Strategic Direction

2014 - 2018

Approved February 2014



www.franklinpud.com

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Approved by the Board of Commissioners at the February 23, 2016 Regular Meeting.

General Manager's Message

I have worked at Public Utility District No. 1 of Franklin County (the District) since 2004. In May 2015, I was appointed the District's General Manager by the Commissioners. My commitment to our community and the customers we serve continues to drive every decision. My actions and the actions of dedicated and competent staff are made with a focus on these primary guiding principles:

- Safety First
- Strong & Supportive Relationships
- Low, Stable Rates
- High Systems Reliability

The last 10 years have seen a period of high load growth, regulatory expansion, advancing technology and other changes that impact our distribution and transmissions systems. District staff continues to perform exceptionally well to deliver high reliability, stable rates and develop supportive relationships between customers and employees while fostering an environment of safety.

Employee dedication and performance, a highly reliable power and distribution system, providing adequate power resources to meet load, affordable rates and strong finances, position us well to meet the many challenges highlighted in this document.

The Board of Commissioners and senior staff examined the many challenges and laid out a strategic direction for the 2014-2018 period. This document describes that Strategic Direction. Our Commissioners and staff are committed to the success and achievement of this Strategic Direction and encourage a team effort approach. We invite our customers' participation, review, questions and comments as we work together to develop and implement plans aimed at achieving our Mission.

We take our stewardship responsibilities seriously and recognize that our customer-owners are the reason for our existence. It is an honor to be in this position and serve the ratepayers of this community. I look forward to working collaboratively with the Commissioners, staff and customers to carry out our Mission of providing safe, reliable, affordable cost-based power and related services that benefit our customer-owners.

Sincerely,



Tim Nies
General Manager

Our Business

Public Utility District No. 1 of Franklin County (the District), is a municipal corporation of the State of Washington, which was established in 1934 pursuant to Title 54 of the Revised Code of Washington and began operations in 1947.

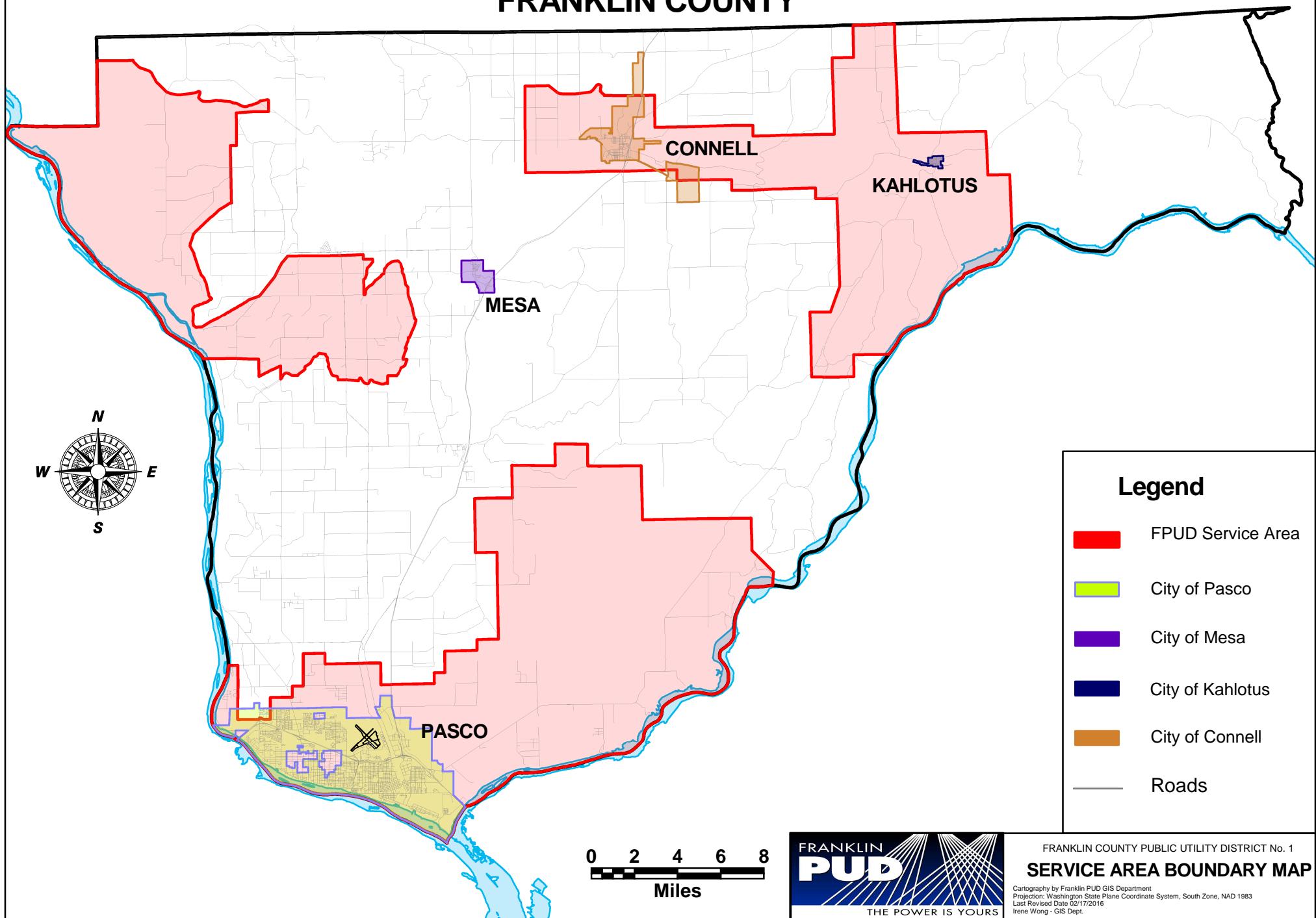
The District's primary purpose includes the purchase, generation, distribution and sale of electric energy to our retail customers. The District also provides construction, development, operation and maintenance of wholesale broadband service via a fiber optic network.



Service Area

Our service area comprises about 435 of Franklin County's 1,242 square miles, and includes the cities of Pasco, Connell and Kahlotus. As of December 2015, we served just over 24,800 electric customers. A map of our service area is shown on the following page.

FRANKLIN COUNTY



Commissioners, General Manager and Staff

Commissioners

Establishment of District policies, including those imbedded in the District's Strategic Direction, rests with a three-member Board of Commissioners elected by voters. The Commissioners serve six-year terms with one elected every two years.

General Manager

The Commission appoints a General Manager who is responsible for implementing policy and managing the activities of the District.

Staff

As of December 2015, the District employed about 100 full time staff who carry out the day-to-day duties of the District. Of those staff, 60% are represented by the International Brotherhood of Electrical Workers Local 77 labor union. The remaining 40% are not represented by a labor union.

Mission Statement, Vision and Values

Mission Statement:

To provide safe, reliable, affordable cost-based power and related services that benefit our customer-owners.

Vision:

The District will be a respected and reliable steward of electric and broadband systems, delivering high value to customers in the form of: low-cost and reliable power; a system infrastructure that supports safety and reliability; commitment to conservation of energy resources and our environment; and committed employees who excel in customer service and make the District a great place to work.

Values:

Customer Focus: We respond to our internal and external customers, listening to their requests and understanding their needs. We strive to exceed their expectations.

Respect: We consistently treat every individual with dignity and respect. We foster open and honest communications, listen and understand other perspectives.

Integrity: We are guided by what is ethical and right and fulfill our commitments as responsible public stewards.

Personal Responsibility: We are personally accountable to our customers and the District for the highest standards of behavior, including honesty and fairness in all aspects of our work.

Teamwork: We value diversity and draw strength from the wealth of viewpoints that reside within the District. We work together; demonstrate collaboration through mutual reliability, openness and flexibility.

Forward Focus: We anticipate and prepare for the future, encourage innovation and new ideas to better serve our customers.

Excellence in Governance Model

In September 2015, the Commission and General Manager met in a workshop facilitated by Energy Northwest and developed an Excellence in Governance Model. The Excellence in Governance Model consists of a Statement of Guiding Principles, and the following three tiers and associated definitions for each attribute within the tier:

- Commission Obligations for Excellence;
- Commission Member Actions for Excellence; and
- Characteristics for Commission Excellence.

These are positive, general principles that serve as the foundation of how the Commissioners conduct business and lead the District as the governing body. They are motivational and driving traits on how the Commissioners will engage as individuals and as a Board of Commissioners in the best interest of the District and its ratepayers. The Excellence in Governance Model is posted on the District's website and is available upon request.

Management

District management is guided by the following primary documents: the *Rules and Regulations for Electric Service*; the *Biennial Operating Plan*; the *Annual Operating and Capital Budgets* and the *Strategic Direction*. The Strategic Direction is the overall guiding document. All four documents are approved by the Board of Commissioners.

The Rules and Regulations for Electric Service

The Rules and Regulations for Electric Service is a detailed set of guidelines developed to assure that all customers receive uniform and equitable consideration in acquiring electric service. The Rules and Regulations for Electric Service are approved by the Commission, posted on the District website, and are available to the public upon request.

Biennial Operating Plan

Every other year, the General Manager submits for approval by the Commission a two-year Operating Plan. The Operating Plan outlines the Strategic Priorities and objectives to be accomplished during the period. The Strategic Priorities are important targets for District performance. For each, several specific objectives are identified and target dates for accomplishment are set.

The General Manager reports to the Commission on progress toward meeting Operating Plan objectives via quarterly informal updates and semiannual formal updates, with recommendations for revisions, if any.

Annual Operating and Capital Budgets

The District's Annual Operating and Capital Budgets include the funding to implement and carry out District plans and policies. The Annual Operational and Capital Budgets are approved by the Board of Commissioners in December of each year.

Strategic Planning

In February 2013, the Commissioners and staff met in a strategic planning workshop facilitated by an independent consultant. The session focused on identifying short and long-range issues and challenges.

Major Challenges

Today's electric industry is rapidly changing and the District faces a myriad of significant challenges. Those primary challenges include:

- Economic uncertainty;
- New regulatory mandates;
- New state and federal policy directives;
- Rising power costs;
- Load growth;
- Employee retirements and succession planning; and
- Rapidly changing technology.

The national economy and the Tri-Cities economy continue to experience a high degree of uncertainty. New state and federal mandates and policies are proving extremely difficult to manage and afford. Of primary concern is the state's 2006 Energy Independence Act, Initiative 937. The District's Integrated Resource Plan, an overview of which is included in, **Appendix B**, describes those impacts in greater detail.

The fast pace of costly additional requirements related to topics such as health care reform, carbon reduction, distributed generation, smart grid applications, cyber security, and power system regulations make several things very clear: 1. The cost of power is on the rise and there is no end in sight. 2. Our success in addressing these challenges may depend in large part on the District's ability to inform our customers and legislators in Olympia and Washington DC.

In addition, the steady load growth within our service area, for several years the highest in the state, continues to put upward pressure on costs to provide service, in terms of both equipment and labor costs.

Our maturing workforce is an industry-wide and local issue. While daunting in terms of worker replacement and loss of historical knowledge, it presents opportunities for making positive changes in the industry and in the organization.

Finally, keeping up with the rapidly changing technology creates challenges requiring increased investments into our baseline technologies. The District must have the

resources to stay current with product features, support, reliability and critical security controls in a fast-paced technology industry that is continuously evolving.

Guiding Principles

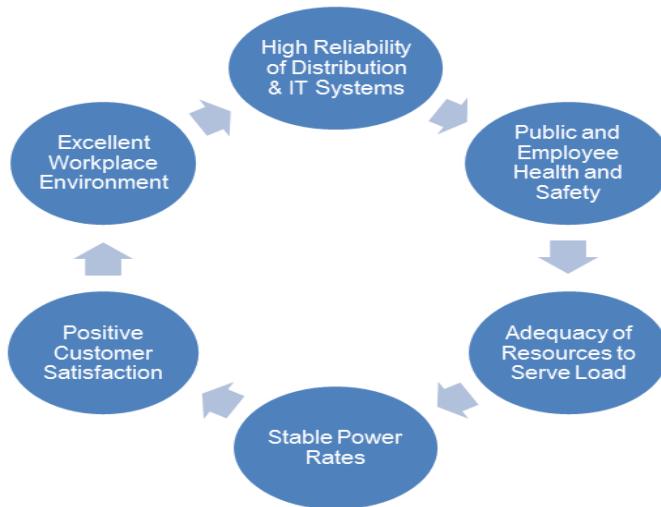
The District's guiding principles guide our future actions and decisions as well as the development of future Operating Plans. The Strategic Planning exercise and the development of the Excellence in Governance Model served to validate the District's guiding principles. The guiding principles are:

- **Safety First**
- **Strong & Supportive Relationships**
- **Low, Stable Rates**
- **High Systems Reliability**

Strategic Priorities

A key part of the Strategic Direction was the identification of the following six Strategic Priorities:

1. High Reliability of Distribution and Information Technology Systems
2. Adequacy of Resources to Serve Load
3. Stable Power Rates
4. Positive Customer Satisfaction
5. Excellent Workplace Environment
6. Public and Employee Health and Safety



Finding the proper balance between the Strategic Priorities, which often have competing interests, will fulfill our vision while meeting challenges and capitalizing on opportunities.

Long -Term Plans

The Strategic Priorities are the basis for the District's primary long-term plans which include the following:

- The **Electric System Plan** analyzes the adequacy of the District's Transmission, Substation and Distribution systems and provides insight into the District's electric system needs for the next 20 years. *Appendix A.*
- The **Integrated Resource Plan** analyzes the District's current and future loads, resources available or required to meet those needs, and the risks and costs of alternatives and issues. *Appendix B.*
- The **Broadband Plan** describes the approach and plans for broadband for the next three years, for both internal use by the District and external use of excess capacity by District customers. *Appendix C.*
- The **Strategic Technology Plan** helps facilitate and advance progress towards the District's Strategic Direction. The plan proactively identifies goals for future technology decisions that will improve operating efficiencies, reliability of Information Technology resources and create an excellent workplace environment while maintaining low operational costs and stable power rates. *Appendix D.*

These plans detail the focus of the District's Mission and the service and value delivered to our customers; highlights for each plan follow in *Appendices A, B, C and D.*

APPENDIX A: ELECTRIC SYSTEM PLAN OVERVIEW

Electric System

The District provides electric service to over 24,800 retail customers via more than 28,000 meters throughout portions of Franklin County. The District operates and maintains an integrated electric system from 115 kilovolt (kV) transmission to the meter on the customer's house. The District utilizes over 1,000 miles of transmission and distribution lines and 20 substations to serve a mix of residential, commercial, industrial and irrigation customers.

The Electric System Plan addresses the planning and development of the District's transmission, substation and mainline distribution facilities.

Transmission Facilities:

The District's 115 kV transmission lines typically take the power from Bonneville Power Administration (BPA) 115 kV points of delivery to the District's substations. The District also has a 34 kV transmission system to deliver power from the Connell area to the Kahlotus and Windust area. The District has 82 miles of overhead transmission lines.

Substation Facilities:

District substations convert 115 kV transmission voltage to 12 kV distribution voltage using power transformers. A typical District substation has one or two power transformers; new power transformers are typically rated about 25 megawatts (MW) (28 megavolt ampere (MVA)). The District uses 34 kV to 12 kV power transformers to serve the Kahlotus and Windust areas. A typical substation transformer serves an average of 1400 meters and has a peak load of 12 MW.

Distribution Facilities:

Distribution feeders in the substations distribute power on the distribution system at 12 kV. Each substation power transformer typically serves three to five distribution feeders. Feeders take the power from the substation to the distribution transformers, which step the power down to the customer utilization voltage.

The distribution system forms an electrical grid interconnected with switches that allow the system to operate normally in a radial configuration. By using switches, the District is able to isolate portions of the electrical system for maintenance and outage events. The District currently has 80 distribution feeders utilizing 955 miles of overhead and underground distribution lines. Distribution main lines total approximately 300 of the more than 900 miles of distribution lines. A typical distribution feeder for the District has more than 12 circuit miles of distribution lines and serves more than 370 meters.

BPA Points of Delivery and Points of Metering:

Power flows into the District's electric system via 11 BPA points of delivery. The power delivered to the District is metered and recorded hourly at 17 separate BPA points of metering. At most points of delivery, power delivered to the District is metered at the 12 kV voltage level and adjustments are made to account for power losses back to the actual 115 kV point of delivery. The power flowing into the District's system is equal to the retail power sold to our customers plus system loss.

Historical Peak Loading - System

Analysis of the historical loading data provides the following observations:

- Until the mid 1990s, the winter system peak exceeded the summer peak; since the mid 1990s, the summer system peak has exceeded the winter peak.
- There are significant variations in the system peaks due to variances in extreme temperatures, the day of the week temperature extremes occurred and changes in the economy.
- The summer peak has increased nearly 100 MW in the last 20 years and has a linear trend line growth of 4.7 MW per year.
- The winter peak has increased about 60 MW in the last 20 years and has a linear trend line growth of about 2.5 MW per year.

The District achieved an all-time maximum coincidental system peak load of 230 MW.

Historical Load Growth - System

The District has experienced substantial customer and load growth in the last 20 years. The District has averaged more than 3% annual growth in electric meters, retail kWh, and system peak load. In 2014, the District purchased 1,075,000,000 kWh of power for retail load, an annual average load of about 122.7 MW. The District's purchased power for retail customer energy usage is split as follows:

- | | |
|---------------------------------|---------------------------------|
| • 33% residential | • 13% irrigation |
| • 50% commercial and industrial | • 4% lighting and system losses |

The District had a non-coincidental peak load of 255 MW in 2014 and the Plan prepares for a peak load of 367 MW in 2034.

The Electric System Plan

The Electric System Plan projects the District's electric system needs over the next 20 years. The District's Transmission, Substations and Distribution systems are analyzed under existing and projected peak loading conditions.

The Electric System Plan coordinates the development of the District's electric system with the intent that short-term actions will most efficiently develop the electric system for the long term. The 2015 Electric System Plan is a coordinated, proactive 20-year plan of service that:

- Serves more than 100 MW of peak load growth.
- Replaces aging and inadequate infrastructure.
- Maintains/Improves electric reliability.
- Provides a safe electric system for employees as well as the public.

- Balances the need to provide high quality power at the lowest practical cost of power.

Projects identified in the 20-year Electric System Plan have a total estimated cost of \$94 million. The estimated average annual cost of the plan is approximately \$4.7 million in 2015. These projects represent 50% of the total estimated electric system capital costs during the 20-year period.

Planning and developing the electric system is a continuous and evolving process. The Electric System Plan must be flexible and adaptable. It is reviewed annually and updated at least every two years. It is intended to be a living document and will evolve in response to growth and system changes. The following summarizes the short- and long-term highlights of the Plan.

Short Term Project Summary (2016-2017)

Projects recommended in the first two years of the plan will be strongly considered for inclusion in the District's 2016 and 2017 capital budgets. These projects include:

- Install one (1) 28 MVA power transformer at Broadmoor Substation.
- Install one (1) 28 MVA power transformer and four (4) distribution feeders at Foster Wells Substation.
- Purchase sites for two (2) new substations in the Pasco area.
- Purchase a 28 MVA mobile substation.
- Install three (3) miles of new overhead and underground distribution line.
- Replace four (4) miles of underground distribution line.
- Re-conductor 1.5 miles of overhead transmission line.
- Re-conductor four (4) miles of overhead distribution line.

20-Year Plan Summary (2016 - 2035)

The 20-year Electric System Plan recommends:

- 36 substation projects.
- 56 distribution and transmission projects.
- Replacing 72 circuit miles of insulated underground distribution.

The plan identifies, prioritizes and lays out a proposed schedule of projects to:

- Build two (2) new substations.
- Install seven (7) new substation power transformers in existing substations.
- Replace seven (7) aging substation power transformers nearing the end of their useful life.
- Purchase a mobile substation to provide emergency replacement of a substation power transformer within 24 hours.
- Re-conductor seven (7) miles of transmission line.

- Install 12 miles of new transmission line to provide a second 115 kV transmission source to the Connell area and connect two substations in the Pasco area.
- Replace 72 miles of XLP insulated underground distribution cable.
- Re-conductor 21 miles of overhead distribution main line.
- Install 28 miles of new distribution feeder main line.

APPENDIX B: INTEGRATED RESOURCE PLAN OVERVIEW

The District's Integrated Resource Plan broadly identifies long- and short-term actions that are anticipated to meet demands for energy services during the next 20 years.

Determining Factors

Resource planning includes several factors, the most important of which are identified below:

Energy Independence Act of Washington State:

The Energy Independence Act (the Act) places renewable resource and conservation requirements on qualifying utilities, those with more than 25,000 customers. It stipulates that each qualifying utility implement all available conservation that is "cost effective, reliable and feasible." In addition, the Act requires certain percentages (3%, 9% and 15%) of a qualifying utility's load to be served with eligible renewable resources. Utilities subject to the Act that fail to meet either the renewable resource or conservation requirement will be assessed a \$50 per megawatt hour (MWh) penalty.

The District currently has approximately 24,800 customers. It is projected the District will become a qualifying utility in 2016 and if so, the conservation mandate will apply to the District in 2020, and the first RPS requirement will apply in 2022.

Load Forecast:

Franklin County has been one of the fastest growing counties in the nation; the population increased by 60% between 2001 and 2011, and commercial and industrial growth has also increased at a rapid pace. With that growth in mind, high, medium and low load forecasts were developed to determine peak loads over a 20-year period, and the load forecast scenarios provide data for the Integrated Resource Plan. The District utilizes a weather normalized, econometric based load forecast.

Current Resources

District power resources currently consist of a Bonneville Power Administration (BPA) contract for the Slice/Block Product; output from the Frederickson Generating Station in Tacoma; contracts for wind from two projects, Nine Canyon and White Creek, and contracts for power from two small hydro projects, Packwood and Esquatzel. In addition, energy efficiency/conservation is becoming a more significant part of the District's load management efforts.

BPA Purchases:

The Contract with BPA provides almost 90% of the District's power supply. Under the Slice portion of the Slice/Block contract, BPA provides power indexed to the capability of the federal system and the District is responsible for shaping its resources and additional purchases and sales to meet its loads.

Frederickson Generating Station:

The Frederickson Generating station is a 249 MW natural gas-fired combined cycle combustion turbine plant. The District has a contract for 30 MW of capacity from the plant. Frederickson currently serves a small percent of the District's annual average load and can serve a small percent of its peak requirement. The plant does not often run because it is not needed to serve load and/or market power can be purchased less expensively than natural gas needed to run the plant at times when the power is needed.

Nine Canyon Wind Project:

The Nine Canyon Wind Project is an Energy Northwest-owned wind generation resource in Kennewick, WA. The District has a contract for 10 MW of capacity from the project, including the environmental attributes, through June 2030. The 3 aMW of power and attributes from the project will help the District fulfill its future Energy Independence Act requirements.

White Creek Wind Project:

Located just northwest of Roosevelt, WA in Klickitat County, the White Creek Wind Project has a total capacity of 205 MW, and the District contracts for 10 MW of capacity, including environmental attributes, through 2027. The District receives 3 aMW of energy and attributes from the project. This project is also an Energy Independence Act eligible project.

Packwood Lake Hydro Project:

The Packwood Lake Hydroelectric Project has a generation capacity of 27.5 MW, a firm output of 7 aMW, and an annual output of approximately 10 aMW. Owned and operated by Energy Northwest, twelve Washington Public Utility Districts participate in the project with "ownership-like" rights. The District receives a 10.5% share of the output from the project. Like other vintage hydroelectric projects, it does not qualify as an Energy Independence Act eligible renewable resource.

Esquatzel Hydro Project:

The District purchases all rights to the power and environmental attributes generated by the 0.9 MW Esquatzel Project through 2031. The project located just north of Pasco, generates power year-round, producing roughly 6,000 MWh annually. Esquatzel is an Energy Independence Act eligible renewable resource, and because its generating capacity is less than 5 MW, its environmental attributes will count double for Energy Independence Act compliance. The project received certification from the California Energy Commission as a qualifying renewable project effective December 2012.

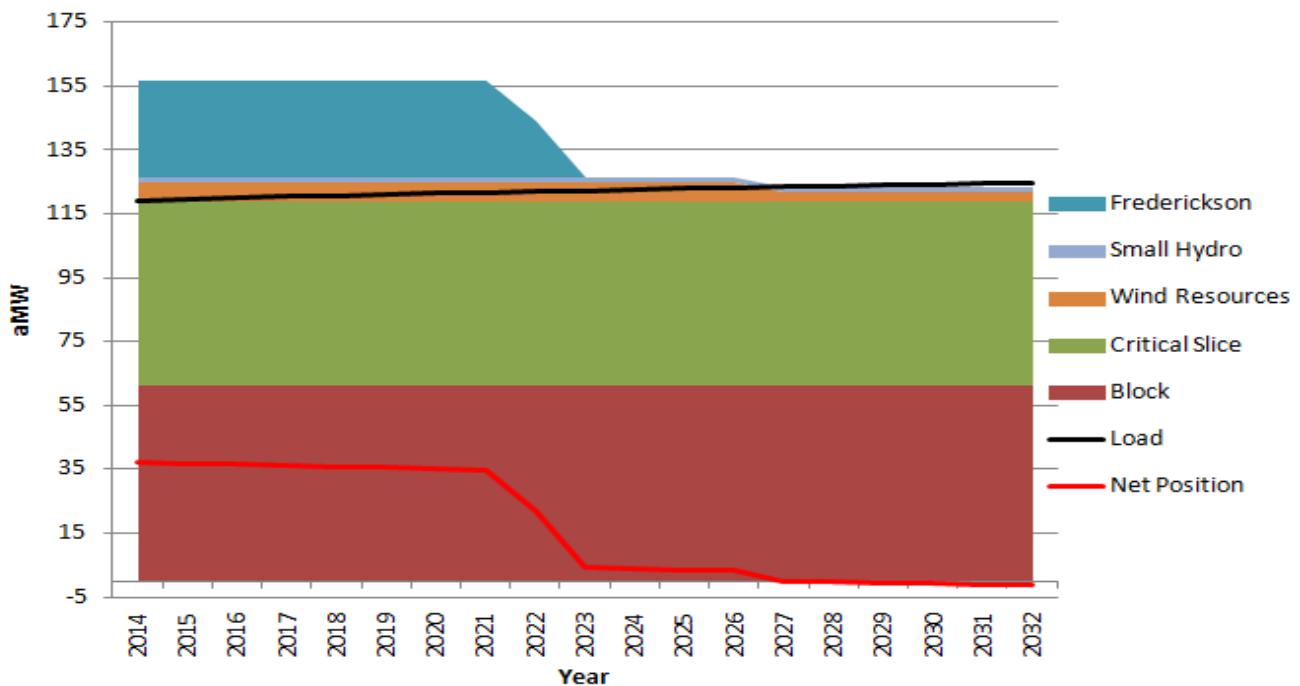
Energy Efficiency:

The District has had a conservation program since the early 1980s. In both 2013 and 2014, it achieved approximately 1 aMW of new energy efficiency and approximately 1.75 aMW in 2015. Programs for all customer classes are offered to help reduce their energy consumption and thus their electricity bills. Conservation programs also help meet regional goals set by the Northwest Power & Conservation Council and BPA.

Loads and Resources

Load and resource forecasts assume that the District will continue to rely on a BPA power purchase agreement, Packwood, Esquatzel and Nine Canyon through the 20-year period; the Frederickson plant until mid-2022; and White Creek through 2027. Although only forecasts, they provide the most reasonable basis for determining the amount and timing of needed resource acquisitions.

The adjacent figure provides a snapshot of the District's estimated need for resources on an average annual energy basis and a medium load forecast scenario.



The figure above shows the District will be long on resources on an average annual basis until 2022 assuming Critical Slice, and thereafter loads and resources will be nearly equal through the planning period. Not included in the figure is additional 17 aMW of Slice generation that would be expected under water conditions greater than Critical Slice. While well positioned on an annual basis, the District will be short on capacity at times to meet its peak load requirements, typically in the summer. This capacity shortage is expected to be handled with market purchases rather than resource acquisitions during the study period. The options for meeting peak energy requirements are discussed in detail in the Integrated Resource Plan.

Resources to Meet Future Growth

The IRP evaluates ten different resource portfolios and combinations of resources to meet the customers' energy needs. The portfolios included a range of dispatchable and non-dispatchable, renewable and non-renewable generation and contract resources, including market purchases of both energy and/or renewable energy certificates. The full IRP details the conclusions, strategies and action plans that will meet customer energy needs and keep the District, once it becomes a qualifying utility, in compliance with the Act. Below are the highlights of conclusions and proposed near term actions.

Near Term Conclusions and Actions

- Based on the medium load forecast, the District has sufficient annual average energy capability to meet its annual average energy requirements through 2032 and peaking capability through 2022.
- Energy deficits are most likely to occur in the 3rd quarter. The District should utilize short-term market purchases to cover energy deficits, thereby reducing its market exposure.
- A detailed conservation potential assessment was completed in preparation for the upcoming Energy Independence Act requirements and will be used to assess shorter term demand-side management planning.
- Assuming medium load growth, the requirements of the Energy Independence Act, coupled with sufficient annual average capability and a peak deficiency, dictate the purchase of renewable energy certificates for Energy Independence Act compliance will be the least cost option.
- Before any further renewable energy credits or renewable acquisitions are made, it is important that the District fully understand the Energy Independence Act “cost cap”, alternative compliance mechanism and understand the impacts.
- Assuming the District serves more than 25,000 customers in 2016, and thus becomes a qualifying utility in 2017, the District has sufficient renewable resources under contract to meet the 3 percent renewable target in 2022. The District will need to purchase renewable energy certificates by 2025 when the renewal target increases to 9 percent.
- Cost-effective conservation should be the priority resource for acquisition.
- Analyze the potential effect distributed generation could have on future load growth in the event of additional distributed generation within the District's service territory as a result of State and Federal incentives and third party ownership investments.
- The District is evaluating the contract option of changing its BPA product selection from Block/Slice to Load Following starting in FY2019. If the analysis indicates this is a preferred option, notice must be given to BPA no later than May 31, 2016.

APPENDIX C: BROADBAND PLAN OVERVIEW

Fiber Optic System

The District operates a viable wholesale broadband network. The District, several other Washington State Public Utility Districts and Energy Northwest formed Northwest Open Access Network (NoaNet) in 2000. NoaNet, a nonprofit mutual corporation of Washington State, was created to provide its members and their respective rural communities with a high-speed fiber optic transmission system to serve their needs and to provide cost-effective technology communications facilities and other services for use by the members and others. The District's Board of Commissioners authorized development of a broadband network in Franklin County in 2001. That same year the District connected its fiber optic system to NoaNet's fiber optic communications system.

The District uses its fiber optic systems for utility purposes and leases out excess capacity to Retail Service Providers (RSP), government agencies and others. Internal services include Supervisory Control and Data Acquisition (SCADA), Automated Meter Reading, and Disaster Recovery. The excess capacity is used to provide an Open Access Broadband service to the vast majority of Franklin County including the communities of Connell, Kahlotus, Mesa, Basin City and Pasco. Wireless communications and equipment collocation are additional wholesale broadband services available to RSPs. In addition, the District works with Benton Public Utility District and the City of Richland to create and support broadband opportunities throughout the Tri-Cities.

Business Model

The current business model has been in place since 2005, and is modified to meet changing trends in the competitive environment, as appropriate. The basic principles of the business model include:

- Offering a host of reliable broadband services to communities through partnerships with RSPs.
- Managing broadband expenses by ensuring that projects meet the payback model and/or have a sound business case to justify the expenditure.
- Covering Operating Expense and Capital Expenditures with Monthly Recurring Revenue.
- Exploring new services and products to increase revenue.

The District continues to evaluate new wireless products and other uses of fiber to increase revenues. In addition, staff is evaluating the residential and small business markets to increase availability of broadband services throughout Franklin County.

Future opportunities for the District's broadband network include Advanced Metering Infrastructure; increased monitoring of the power network, strategic partnerships to

deploy “over-the-top” services (i.e. video, voice, etc.) and analysis and research into provision of residential services.

Retail Authority

Current legislative initiatives and federal regulations are proposing to allow Public Utility Districts to provide retail broadband services. The District is supportive of voluntary retail authority for public utilities because of the likely benefits to retail consumers, especially those in remote areas of the state. However, the District values its relationship with the areas RSPs and will thoroughly evaluate its current business model before making any significant changes regarding providing retail service.

Near Term Focus

The District's focus will be on maintaining our core customers in the health, safety, education, and government sectors and on:

- Providing competitive, reliable services.
- Monitoring benefits and risks from continued participation in NoaNet.
- Supporting efficient, cost-effective fiber services to District customers and the Tri-Cities.

APPENDIX D: STRATEGIC TECHNOLOGY PLAN OVERVIEW

The District's Strategic Technology Plan is a three-year technology plan to help achieve the District's Strategic Priorities. The plan's objective is to provide recommendations to effectively implement and integrate primary technologies and systems used for day-to-day operations and establishes a:

- Vision of what the District should look like in three-years, described in specific terms and how key department processes will be improved through the use of technology.
- Road Map to leverage existing and emerging technologies, integrate technology, and align the use of technology to address initiatives in the plan.
- Process ensuring new systems move the District toward the vision, integrating with existing systems, enabling integration to future systems, while resolving data and process ownership issues.

The District recognizes that integrated technology solutions are necessary in order to improve operational efficiencies and to reduce or stabilize operational expenses caused from supporting expensive, best-of-breed software solutions. Information Technology Governance institutionalizes best practices and ensures that technology decisions and support of those technologies align with the Strategic Direction and at the same time meet regulatory compliance. The plan's objectives and actions include:

- Improve integration of primary technologies by improving real-time integration between Customer Information System (CIS), Financial Information System (FIS), Geographical Information System (GIS), Energy Efficiency (EE), Outage Management System (OMS), Automated Meter Infrastructure (AMI) and Supervisory Control and Data Acquisition (SCADA), while still meeting the business needs.
- Improve service quality and support energy efficiency by promoting energy efficiency measures and provide customers and trade allies with better tools to access, apply and move through our incentive programs.
- Improve operational efficiencies by reducing paper work, manual data entry and improving process flows by aligning business processes to the software or application.
- Enhance customer service experience by providing convenient account access and two-way communication to our customers online or via mobile devices, timely and updated outage management notifications with improved outage response time and consistency of data collection to ensure powerful information is available for system analysis (AMI and MDMS).

- Aid in work management by providing the necessary tools to effectively manage employee workloads and resource allocation.
- Institutionalize Information Technology Governance and establish best practices for planning, acquiring, implementing, maintaining and monitoring system performance and to make sure accurate information is available to support the business objectives
- Ensure Regulatory Compliance for the Energy Independence Act, Fair and Accurate Credit Transaction Act, Health Information Portability and Accountability Act, Payment Card Industry Data Security Standard and plan for NERC Critical Infrastructure Protection by reviewing and confirming all necessary governance requirements are met.
- Institutionalize cyber security best practices, policies and procedures to help reduce risk from cyber threats.