

2021-2030

STRATEGIC PLAN



PUBLIC UTILITY DISTRICT NO. 1 OF LEWIS COUNTY

ABOUT US

In 1936, Public Utility District No. 1 of Lewis County (District) was voted into existence by the community. In April 1939, the first electric bills were mailed out to approximately 60 customers. The District currently provides power and telecommunication services throughout Lewis County, with the exception of the City of Centralia, to approximately 33,600 meters throughout approximately 2,450 square miles. The District owns and operates the Cowlitz Falls Hydroelectric Project, which provides about 1/4 of the District's power. Our renewable energy portfolio includes 100% clean, renewable, carbon neutral resources such as: wind, hydro, and solar.

MESSAGE FROM THE BOARD

After months of work, we are excited to announce that our new Strategic Plan has been finalized. Our Strategic Plan is the culmination of a process that began in February 2020. This ten-year plan provides a framework and serves as an important guide to help us succeed in the face of known and unknown challenges within the public power industry, and positions us to continue strengthening our utility. Our four focus areas include community, stewardship, service, and investment ensuring that safety, compliance, reliability, and financial prudence are utilized.

We thank all those who engaged in this strategic planning process.

Sincerely,

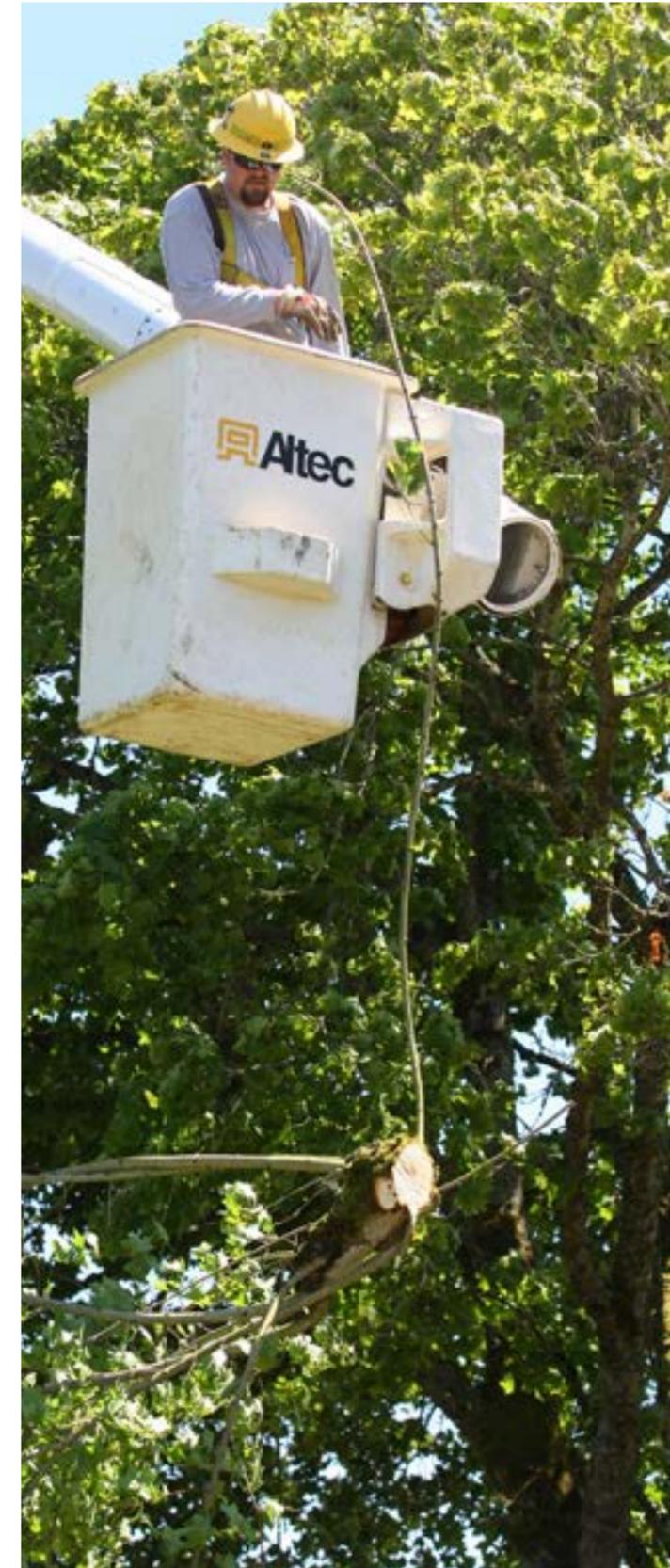
Commissioner Ben Kostick

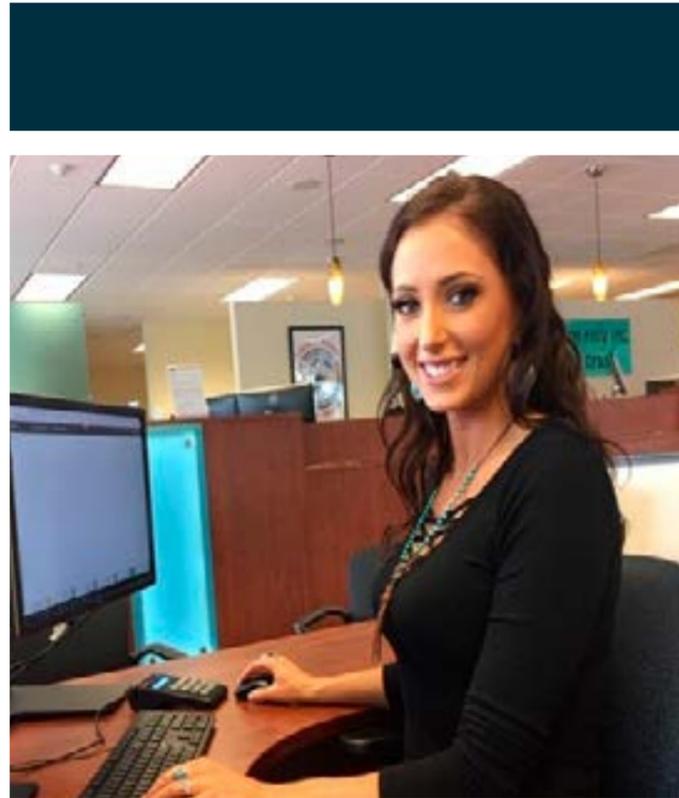
Commissioner Tim Cournyer

Commissioner Ed Rothlin

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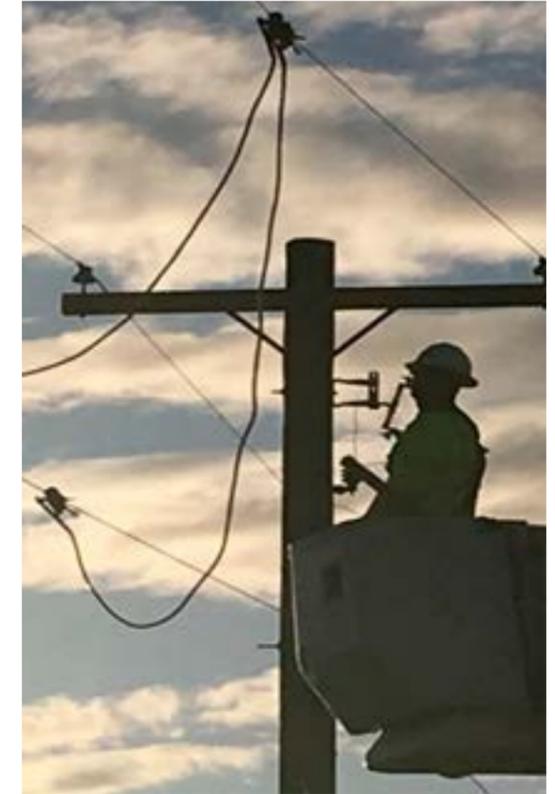




OUR MISSION

Providing a bright and connected community with safe, reliable, sustainably sourced utilities for current and future generations.

Public Utility District No. 1 of Lewis County is a municipal corporation of the State of Washington. The District is governed by a three-member board of commissioners that serve individual six-year terms, representing their respective districts.



We are...."AT YOUR SERVICE"

The Board of Commissioners and staff met in early February 2020 to review and update the District's mission statement and tag line, verify the District's values, and create the four focus areas and core competencies the District will follow for the next ten years.

The strategic plan focuses on specific results that are to be accomplished, and establishes a strategy for achieving those outcomes. This strategic plan is organized around four focus areas: Community, Stewardship, Service, and Investment.

Employee and public safety, compliance with state and federal regulations, financial prudence, and reliability are the core competencies the District will follow throughout the four focus areas.



OUR VALUES

Through **LEADERSHIP, TEAMWORK, RESPECT, COMMUNICATION,** and **ACCOUNTABILITY** we focus on success to create a vibrant company culture where ideas blossom, people thrive, and success flourishes.

Focus Areas

Community

Lewis County PUD works in partnership with our customers and the communities we serve. Through the public decision-making process, we create policies and services that are responsive to and anticipate our customer’s needs, including conservation measures, telecommunications, fish and wildlife enhancements, and low income assistance.

By engaging further with our customers, we will strengthen our bond while educating our customers regarding the benefits of public power, the importance of local control, and issues facing the PUD

that could ultimately impact our customers.

We are committed to a long-term customer education and outreach program to build a better knowledge base of our industry and the importance of safety measures for our employees and customers.

Our employees are an essential part of the PUD’s community and we are dedicated to fostering professional growth throughout our employees’ careers to ensure maximum benefit of their knowledge and skills.



Focus Areas

Stewardship

As an essential services provider, Lewis County PUD is required to maintain its electric grid in good working order. We are committed to installing industrial grade components, implementing preventative maintenance protocols and replacing essential equipment in a strategic manner all while planning for the future utility infrastructure needs of the community.

Lewis County PUD is also committed to rehabilitating our core electric infrastructure to ensure reliable service to our customers.

During times of crisis and uncertainty, the PUD’s systems, infrastructure and employees must be ready and able to serve. The PUD will implement a business continuity plan, so we can continue to provide our essential services to customers during emergencies.

Lewis County PUD is a Community-Owned Utility.

We are a proud public utility district, owned by the customers we serve. Decisions about how your electric utility operates are made by people who live and work in the community. Your public power utility is rooted in and committed to the community we serve and we are proud to invest revenue directly back into our community. Lewis County PUD is a not-for-profit entity that provides services to our customers at the lowest rates possible.

“At Your Service”



Providing a bright and connected community with safe, reliable, sustainably sourced utilities for current and future generations.

2021

2022

2023

2024

2025

3-YEAR ACTION PLAN

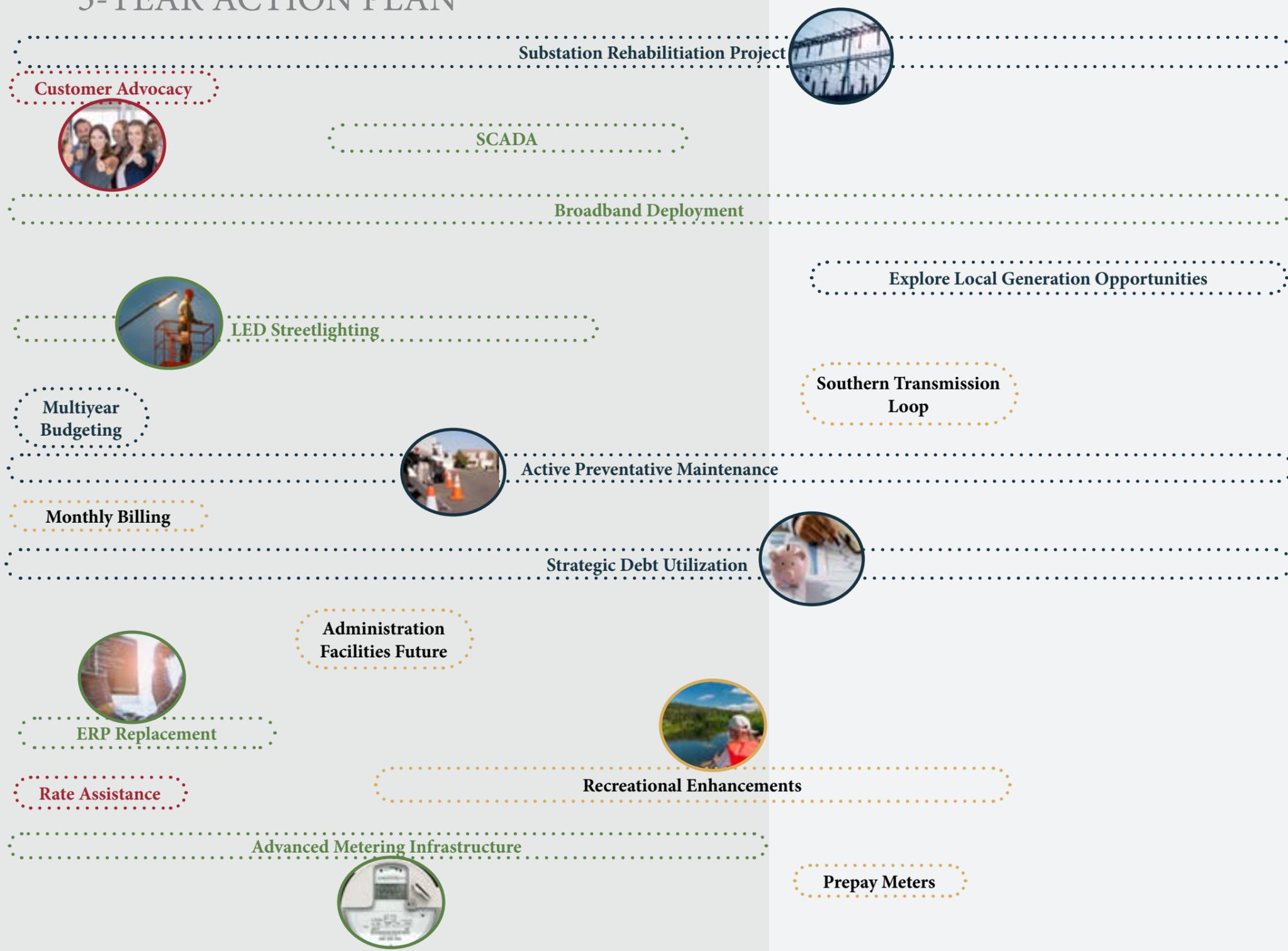
FOCUS AREAS

Community

Stewardship

Service

Investment



Core Competencies



Safety



Compliance



Reliability



Financial Prudence

Focus Areas

Service

Like the electricity and telecommunications we provide, service to our customers and community is always at the forefront of our work. For us, service starts and ends with the customer. The District exists because of our customers, and our success depends upon customer satisfaction. That satisfaction relies on employees who are competent and courteous as they carry out a shared commitment to our customers.



Focus Areas

Investment

We embrace a philosophy and promise of providing safe, reliable, and sustainably sourced utility services both now and into the future. In order to responsibly achieve this, the District must be thoughtful in how we maintain our infrastructure and ensure ample service for decades to come. It is, therefore, our resolve to execute investments that will protect and preserve the quality of service we provide our customers.

We will continue to invest in hiring the best and brightest professionals. We will continue to invest in preventative maintenance to minimize service interruptions and extend equipment longevity. And we will continue to identify and pursue strategic investments in power generation, distribution, telecommunications, and all other supporting functions that benefit our customers.

Lewis County PUD is a not-for-profit public utility.

Lewis County PUD is keenly aware that the financial decisions we make regarding how we operate today and how we position for tomorrow impacts the rate we charge and in turn, the local economy. Therefore, we work hard to ensure our financial decisions and policies are analyzed to meet the present and future needs of our customers and the District.





10-YEAR STRATEGIC PROJECT PLAN

COMMUNITY	PROJECT DESCRIPTION	ESTIMATED PROJECT COST
Customer Advocacy	By sharing information and creating additional forums for interaction we can strengthen the bond with customers. The development of informed customer advocates will allow the PUD to leverage the influence of our entire community. The development of a Customer Review Panel (CRP) will be the mechanism to facilitate this outcome.	\$50,000
Rate Assistance	When energy efficiency efforts are not enough, some customers and some customer groups can find themselves having to choose between which bills to pay. Enhancing Project Share and developing a rate structure to assist some of our at-risk customers aligns our PUD bills with our community focus.	\$550,000
Manage Key Accounts	Establishing a panel of key accounts and actively managing our relationships allows us to communicate upcoming changes and receive feedback on what works for local industry.	\$0
Actively Seek Community Involvement	Engaged and knowledgeable customers create better outcomes and policies. Our community driven information sharing group comprised of geographically and economically diverse individuals will meet regularly to discuss PUD issues impacting our community.	\$1,000
Safety Education & Outreach Program	The electric grid is one of the largest and most complex systems that customers depend on every day. Understanding the system and associated hazards is difficult and time consuming. By committing to a long term outreach and education program we can build deeper knowledge.	\$53,000
Employee Development	Knowledgeable and engaged employees are required for success. Managing the entire employee lifecycle will ensure we have the right resources now and into the future. This includes cross training, mentoring programs, and career path development.	\$837,000
Expand Student Worker Opportunities	The PUD is a top employer in the community and has a mutually beneficial opportunity to partner with local students. We will expand our student programs to span the entire year and commit to a deeper partnership with local educational institutions.	\$11,000
STEWARDSHIP	PROJECT DESCRIPTION	ESTIMATED PROJECT COSTS
Active Preventative Maintenance	As an essential services provider we are required to maintain the grid in good working order. We are committed to installing industrial grade components, implementing preventative maintenance protocols, and replacing equipment prior to failure.	\$3,471,000
Strategic Debt Utilization	Our financial plans will include an evaluation of the most appropriate funding sources. As a PUD we have access to low-cost financing options that will allow equipment to be paid for over the time it is used. This offers financial stability and certainty in electric rates.	\$0
Substation Rehabilitation	We are committed to rehabilitating our core electric infrastructure and ensuring it can provide reliable service now and into the future. Each year for the next 10 years we will be rebuilding and modernizing no less than 2 substations per year.	\$27,400,000
Explore Local Generation Opportunities	Power supply and transmission costs comprise over 1/2 of the PUD's costs. When considering which power resources to acquire and develop we include the costs and benefits to our community before making a selection.	\$0
Implement a Business Continuity Plan	Our systems, infrastructure, and employees must be ready and able to serve in times of crisis. We are prepared to handle those times by using off-site, colocations, process controls, remote operability, and the expertise of cross-trained employees.	\$0
Economically Dispatch Cowlitz Falls Project	The Cowlitz Falls Hydro facility is capable of producing power based on the best local outcomes. This includes optimizing reservoir levels, flows, and generator flexibility.	\$1,000,000
Multiyear Budgeting	Our financial planning provides 10-5-3-2- and 1-year looks into the future with varying degrees of granularity. During each budget cycle the Board is presented with no less than 2 years of detailed information that offers the ability to approve a 2-year budget.	\$0

SERVICE	PROJECT DESCRIPTION	ESTIMATED PROJECT COSTS
Monthly Billing	Our customers have billings presented every month. Monthly billing does not change the overall cost of serving customers, but it does limit the instances of very large individual bills.	\$0
Prepay Meters	Our customers will be given the opportunity to pay for their electric consumption in ways that match their own cash flow. By offering prepay options, customers can pay as they go and eliminate the need for upfront deposits.	\$0
Southern Transmission Loop	Building a southern transmission loop will improve grid reliability and allow for safe maintenance activities.	\$830,000
Recreational Enhancements	Our recreation assets and infrastructure will be modernized to better meet community interests.	\$800,000
Improved Customer Response	We proactively contact customers to inform them of outages, energy savings opportunities, and bill reducing programs. Call times are tracked and workflows empower employees to create good customer outcomes.	\$0
Fewer and Shorter Outages	We strive to limit service interruptions. We measure and analyze system outages and invest in the measures needed to restore power quickly and safely.	\$0
Modern Rate Design	Modern electric rates allow us to match cost with benefit and provide a clear understanding of what is being purchased.	\$0
Administrative Facilities Future	Positive customer experiences and engaged employees require up-to-date facilities. We are committed to establishing a long term plan for our facilities. This may require new construction or significant rehabilitation of the Pacific Avenue building(s).	\$12,000,000
INVESTMENT	PROJECT DESCRIPTION	ESTIMATED PROJECT COSTS
Advanced Metering	Advanced Metering Infrastructure (AMI) is often referred to as a "smart grid" technology. Deploying advanced meters throughout the system allows the PUD to reduce outage times, offer prepay payment options, create modern rate structures, and reduce overall costs.	\$9,700,000
Broadband Deployment	We are committed to actively deploying telecommunications infrastructure throughout our community. This includes aggressively seeking grant opportunities and partnering with local providers who can provide end use services.	\$2,400,000
Vegetation Management	By maintaining a regimented vegetation management schedule we increase reliability and public safety. We trim trees encroaching on our infrastructure no less than every 7 years.	\$4,800,000
SCADA	Installing supervisory control and data acquisition (SCADA) allows employees to monitor system disturbances, determine where to perform equipment upgrades, and restore outages faster. SCADA is a mature and cost effective technology.	\$1,500,000
LED Lighting	New LED lighting deployed through the entire community allows for lower rates and a more attractive community.	\$900,000
ERP Replacement	All technology-related initiatives will be evaluated by a technical committee comprised of cross-departmental stakeholders. We will have a new fully integrated core software platform installed and operational in 2022. This will reduce costs and increase customer experience.	\$500,000
Manage Real Estate Portfolio	We have an accurate and meaningful catalog of PUD owned real estate and easements. We proactively secure and liquidate land to limit the long-term cost of deploying electric infrastructure. Our financial plans provide liquidity to buy land when it is advantageous.	\$0
Cowlitz Falls Project Investment	The Cowlitz Falls Hydro electric facility is funded in line with industry standards per the purchase power agreement with Bonneville Power Administration and independent investment benchmarking.	\$0
Long Range Workforce Planning	Our systems and 5 year workforce plans are synchronized to maximize productivity and continuity as employees transition in and out of the workplace.	\$0

YOUR PUD'S HISTORY

In 1937, the Board of Commissioners, organized and working out of the basement of the Lewis County Courthouse, began the task of making surveys of those areas of Lewis County that did not have electric service. Construction of about 66 miles of rural electric lines began in 1938 and the Alpha section of the line was energized in 1939 for approximately 60 customers.



Between 1939 and 1949, Lewis County PUD purchased Randle Power and Light Company, Cowlitz Valley Power Company, Interstate Power and Light Company, Puget Sound Power and Light Company (located in central and western Lewis County), Packwood Electric Company and other utilities in Lewis County. By the end of 1949, we served about 10,000 customers and had constructed approximately 450 miles of lines.



In 1942, the present headquarters building in Chehalis was purchased and leased to Warren Motor Company until 1943. The building was then leased to Boeing Aircraft Company to build

wing parts, pilot seat supports, and the mount for the lower gun turret for the B-17 and parts for the B-29s until the end of World War II. In 1946, the building was remodeled and for the first time occupied by Lewis County PUD.

In June 1991, we began construction of the 70 megawatt Cowlitz Falls Hydro Project. The Project began commercial operation on June 28, 1994 and produces approximately 239 million kilowatt-hours annually. While the PUD



remains the owner of the Cowlitz Falls Project, its output is sold, under contract, to the Bonneville Power Administration until 2032 with the stipulation that Bonneville Power Administration pays for the operations and maintenance of the project.



With passage of Initiative 937 in 2006, we are required to meet a portion of our electric load with renewable resources. To meet this renewable requirement, we purchased 6 megawatts from the Nine Canyon Wind Project near Kennewick, WA and 20.5 megawatts from the White Creek Wind Project near Goldendale, WA.

Lewis County PUD also owns a 14.25% share of Energy Northwest's Packwood Lake Hydro Project, and owns and operates the Mill Creek Project, a mini-hydro located near Salkum, WA.

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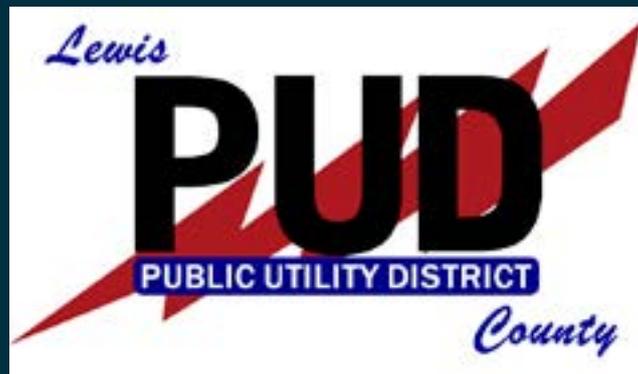




Public Utility District No. 1 of Lewis County

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