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<td>June 10-11, 2013</td>
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<td>Jan. 19, 2015</td>
<td>Edited graphics for presentation</td>
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<td>Feb. 23, 2015</td>
<td>Edited graphics for presentation and added Commissioner’s message</td>
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<td>Feb. 25, 2015</td>
<td>Final Edits</td>
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Message from the Board

We, the Commissioners, would like to express our thanks and appreciation to the employees’ of the District for their dedication and hard work. The District has undergone numerous changes over the last few years and we are grateful for the leadership staff’s dedication and focus to continue the positive changes. The employees of the District are focused on the strategic planning effort and we are encouraged by the employee’s efforts towards achieving our goals to be:

- safe,
- reliable,
- efficient,
- sustainable,
- trustworthy,
- proficient, and
- understanding

We thank you for making these efforts obtainable for the benefit of all District employees and customers of the District.

Ben Kostick
Charles TenPas
Dean Dahlin

Message from the Manager

We are very pleased to share our first update of the Strategic Plan for the District with you. This has opened a new era of culture and progress in planning for the District. We have made significant progress since the inception of this plan and this update will push us to continue to make more progress. We are moving away from independent department thinking and heading to a more integrated approach for the operation of the entire utility. This should allow us to better serve our ratepayers who are the reason for existence.

Public Power has a strong rich heritage in Washington State and we are glad to be part of that heritage. This plan and the work that is occurring as a result are a proud accomplishment for our staff and for the benefit of our ratepayers. We will continue to strive for a better future.

Bob Geddes
Manager
Lewis County PUD
360-740-2411
Public Utility District No. 1 of Lewis County Profile

The mission of Public Utility District No. 1 of Lewis County (District) is:

*Power You Can Rely On, People You Can Trust.*

We are:

- Safe
- Reliable
- Efficient
- Sustainable
- Trustworthy
- Proficient
- Understanding

Governance

Public Utility District No. 1 of Lewis County (District) is a municipal corporation of the State of Washington, formed by the people of Lewis County to provide electric service. Public utility districts are governed by commissioners who are elected locally to represent specific districts within the service area of the utility. The District has a board of three commissioners that serve individual six-year terms representing their respective districts. The District's board of commissioners normally meets every Tuesday at 10:00 a.m. at the District’s Chehalis auditorium, except that the first meeting of every month is held at the District’s Morton auditorium.

Electric Service

The District provides electric service to the southeast portion of Pierce County and substantially all of Lewis County with the exception of the City of Centralia. The District serves about 31,000 electric customers and its electric rates are among the lowest in the state and nation. The District also provides dark fiber lease services for local retail telecommunication companies and governmental entities. There are twenty-eight public utility districts throughout the State of Washington. PUDs have the authority to provide electric, water, sewer service and wholesale telecommunications service.

Electric Generation

The District owns and operates the Cowlitz Falls Hydroelectric Project that produces on average 260,000 megawatt hours (Mwhs) annually. The District and the Bonneville Power Administration (BPA) cooperatively developed the Cowlitz Falls Project. The District is the owner of the Project, while BPA has purchased the annual output under a long-term contract. In exchange for receiving the output of the Project, BPA pays all costs associated with its operation and maintenance. The District buys its power from BPA, so the power generated by the Cowlitz Falls Project helps supply the needs of Lewis County.
Strategic Planning Approach

The Board and executive staff met on October 23, 2014 with guidance by a consultant, Ron Sarazin of Olympic Performance, Inc. to review and update key objectives, measures, and action plans to set the direction for the PUD’s work for the years 2015-2019. The plan’s development process defined the organization’s long-term goals and then identified the best approach for achieving those goals.

The strategic plan focuses on specific results that are to be accomplished, and establishes a strategy for achieving those outcomes. It also provides employees pathways for success by helping them think strategically about how services are delivered and decisions are made.

A Balanced Score Card approach was used to help the development team look at the organization from the following five perspectives:

**Customer Perspective.**
“What do our customers expect from us and how can we serve them better?”

**Employee Perspective.**
“What do our employees need from us in order to be effective in their roles and serve our customers better?”

**Operational Perspective.**
“To meet our customers’ needs, what core business processes must we excel at?”

**Financial Perspective.**
“How should we manage our resources to address changing power supply options and changing customer needs?”

**Positioning for the Future.**
“To achieve our objectives, how should we sustain our ability to deliver and improve?”

The plan is organized around key objectives. These are statements of purpose indicating a desired result consistent with the mission along with currently known challenges and opportunities. It is a statement of what is to be achieved. If all objectives are achieved, the benefits of the mission will be realized.

Key objectives are supported by key measures of success. These measure the degree of accomplishment realized toward the key objectives. Key measures are both outcome-specific and quantifiable.

In order to score well on the key measures of success for each key objective, a list of action plans have been developed. These will be key in setting priorities and will provide a roadmap from which annual operating plans and budgets will be developed. The annual operating plans will include action plans, identifying specific tasks for each department in the District.

Each year the strategic plan will be updated to reflect evolving business challenges and opportunities. It will be a rolling window into our future, with the annual operating plans and budgets defining our immediate next steps. We anticipate the strategic plan will evolve and mature as we implement it over time.
Public Utility District No. 1 of Lewis County’s Strategic Plan 2015 – 2019

Key Objective: Make Our Customers Our #1 Advocates

What does this mean?

We want our customers to be so satisfied with our services that they talk positively about us to others. We want our customers to understand what we are doing, feel they have a voice in our direction, and support even the hard decisions and actions that we have to take. To do this, we know we have to be transparent in our actions and motivations, work with their best interest in mind at all time, and immediately correct any mistakes we make.

How will we know if we are doing this right?

- Number of positive comments from public (surveys, press)
- Hours invested in training for customer service excellence
- Number of complaints received
- Power system reliability
- Number of outages
- Length of outages
- Outage communication to customer

What do we plan to do over the next five years to realize this objective?

- Elevate customer experience
- Educate, involve, and inform our customers.
- Promote District programs including payment plans that meet the customer’s needs.
- Develop and communicate PUD brand
- Participate in economic development for the betterment of the community
- Encourage all employees to be representatives of the District
Key Objective: Achieve Excellence

What does this mean?

Our employees do valued work and are consistently striving to do better. Through encouraging, empowering, and embracing the work we do, we can all achieve excellence.

When an employee is the right person for their job, understands the purpose and value of that job, is well trained and fully capable, and receives positive feedback and appropriate development for the work they do, they become proud of their work and the company they work for. We strive for this. We believe employees who are proud of where they work and what they do tend to work hard, are more motivated, and do a better job.

How will we know if we are doing this right?

- Employee survey asking opinion about leaders/commissioners leading by example
- Percent of jobs that only one employee can perform
- Percent of employees with completed job performance evaluations
- Employee attendance at company events
- Number of complaints; number of compliments

What do we plan to do over the next five years to realize this objective?

Be Proud of Where We Work
- Communicate with employees the District’s strengths, weaknesses, opportunities and challenges.
- Treat our employees fairly and apply District policies non-discriminately.
- Learn from the past, focus on the future
- Ensure work assigned is meaningful
- Enhance appropriate transparent, inclusive decision making
- Inform our employees on best practices and reinforce desired outcomes
- Create opportunities for employee teambuilding.
- Provide opportunities for District employees to show their pride.
- Improve the District’s employee recognition program.

Raise the Bar: Encourage, Empower, Embrace
- Expect employees to demonstrate desired behaviors, engage in goal setting and coaching improvements, and properly apply a system of recognition and opportunities for improvement.
- Conduct management-to-employees and department-to-department outreach in order to enhance employee’s sense of belonging, value, relationships and communication.
- Ensure District goals and employee goals are aligned.
- Launch an employee development program that provides opportunities for employees to increase their capabilities.
- Establish a mentoring program to improve employee capabilities and prepare for succession needs.
- Encourage employee development to assume leadership roles in forums relevant to the PUD
Key Objective: *Culture of Safety*

What does this mean?

With full support and encouragement from our commissioners and manager, working safely will be a core behavior that is culturally instilled into our daily work lives. This starts with recognizing the near misses events and extends to how we plan, act, evaluate, and improve. Keeping employees and our customers safe is a top priority.

How will we know if we are doing this right?

- Number of violations (e.g. L&I)
- Number of employees completing safety training
- Number of safety deficiencies
- Timeliness of event reporting and investigation
- Total insurance cost related to safety

What do we plan to do over the next five years to realize this objective?

- Increased emphasis on safety throughout the District
- Create an internal safety program, train and focus the efforts of all employees, helping them remember that safety is everyone’s first priority.
- Educate and inform District employees on the safety manual and supporting policies
- Equip employees to do their work safely.
- Establish specific safety goals and reward positive safety actions and safety milestones.
Key Objective: *Culture of Compliance*

**What does this mean?**

A compliance program is a formalized effort to prevent, detect, and respond to business conduct that is inconsistent with state and federal laws as well as internal District policies and the District’s organizational values. The District is committed to maintaining a culture of integrity, meaning the job of compliance is not assigned to one person, or a department, but rather is the responsibility of every employee at the District. We will strive to meet the expectation of our customers, our Board, and other stakeholders.

**How will we know if we are doing this right?**

- Number of compliance violations
- Number of findings and total dollar amount of fines levied or waived against the District
- Number of employees completing ongoing training
- Percent of employees that attend a conference that complete a report or make a post attendance presentation

**What do we plan to do over the next five years to realize this objective?**

- Identify the District’s compliance requirements.
- Create an internal compliance program to communicate, train and focus the efforts of all employees, helping them remember that compliance is a fundamental part of everyone’s job duties.
- Take leadership roles in forums that impact the District, helping ensure compliance requirements are appropriate and fully understood.
- Investigate the need for establishing a compliance officer position to support the compliance programs.
What does this mean?

The District is keenly aware that the financial decisions we make regarding how we operate today and how we position for tomorrow impact the rates we charge, and in turn the impact we have on our local economy. Therefore we work hard to ensure our financial decisions and policies are analyzed, projected, reflect the discretion of the Board, and meet the present and future needs of our customers and the District.

How will we know if we are doing this right?

- Typical financial measures (ROI, cash, cash reserves, ratios, etc.) as benchmarked against similar sized utilities
- Favorable bond rating
- Percent of deviation of budget to actual
- Defensible position to support a specific level of cash reserves

What do we plan to do over the next five years to realize this objective?

- Establish a five year budgeting process consistent with the strategic plan and known future expenditure requirements.
- Develop accounting policies, procedures and reports that meet the needs of the District.
- Emphasize financial and rate decision making that is fact based and risk modeled.
- Investigate monthly billing.
- Determine District’s involvement in operation of a proposed water retention facility.
- Determine if the District will continue to purchase power under Slice or convert back to Load Following (May 2016 notification date).
- Determine if the District will acquire equity in White Creek Wind (2017).
Key Objective: Manage District Assets in Such a Way as to Maximize the Value to Current and Future Customers

What does this mean?

To be positioned for the future means investing in our electrical system, our employees, our buildings and facilities, and all aspects of our business that is necessary to meet our key objectives. The District has multiple assets including Cowlitz Falls Hydroelectric Project.

“Sharpening the saw” is critical to ensuring that we do not eventually become complacent and less effective. The District will ensure a well-designed and maintained electrical system. Operational facilities will support employee needs in keeping the electrical system robust. Employees will be supported and trained to do their jobs. Existing and new technology will leverage employee capabilities. Work methods will be periodically critiqued to support improved and sustained performance. The District will be a leader in the public power community in order to help shape a better future for our industry, our utility and, most important, our customers.

How will we know if we are doing this right?

- Successful influence of regulators and legislators regarding important District and industry matters
- Percent of five-year plans successfully completed on time

What do we plan to do over the next five years to realize this objective?

- Improve hardened electrical, communication and informational systems
- Meet Power Supply’s changing requirements
- Retain an effective workforce through effective hiring, on-boarding, education, feedback, and training
- Align District’s abilities with the needs of the community
- Leadership team and policy makers meet periodically with stakeholders to align concerns and goals.
- Continue to improve facilities and equipment.
Contact Us
We appreciate your thoughts and ideas regarding this strategic plan.

Information Contact:
Corenne Moses, Communications Liaison – 360-740-2403
P.O. Box 330, Chehalis, WA 98532

Web site: www.lcpud.org

Physical Addresses:

Chehalis office:
321 NW Pacific Avenue, Chehalis, WA
8:00am to 5:00pm, Monday through Friday

Morton office:
240 7th Street, Morton, WA 98356
8:00am to 5:00pm, Monday through Friday

Chehalis Operations Center:
124 Habein Road, Chehalis, WA.

Cowlitz Falls Hydroelectric Project
Located on the Cowlitz River.