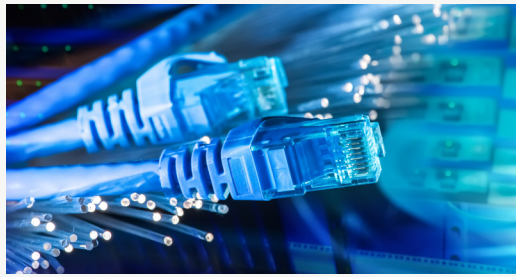
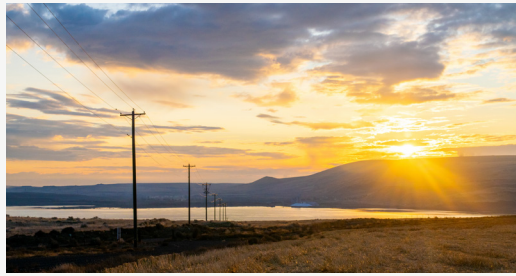


BENTON PUD

2024 - 2028 STRATEGIC PLAN



Updated **November** 28**, 2023**

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BENTON P·U·D STRATEGIC PLAN

MESSAGE FROM THE GENERAL MANAGER

Your Trusted Energy Partner

Benton PUD has been a trusted and foundational part of our community for more than seventy-five years. Throughout our history it has been the highly qualified and dedicated employees who have been the key to achieving our mission and purpose and to establishing Benton PUD as a respected and influential community and regional leader.

The 2024-2028 Strategic Plan carries on the long tradition of forward thinking and excellence at Benton PUD with an emphasis on continuous improvement in four core functional areas along with increased employee and community engagement.

With the wide array of expected and unexpected opportunities and challenges coming our way, we believe it is critical to reground ourselves and focus on what has gotten us this far. The most important part of our flashy new Strategic Target graphic is recognizing what's at the center of all we do. But valuing people cannot just be a slogan, it must be demonstrated through our words and actions.

This revamped version of Benton PUD's strategic plan continues to aim at the highest good in all we do and sets a course for actions intended to let all employees and our customers know they are valued and are part of something great. And of course, we remain anchored in our public power heritage and strong customer service focus which has defined us since day one and continues to be the reason for our existence.

It is an exciting time to be a part of the Benton PUD team as we chart some new territory and build on the winning strategies that have served our customers so well over the years.

Rick Dunn, General Manager

EMPLOYEE CALL TO ACTION

Be EmPOWERed. Be involved. Make a difference. POWER UP!

We are experiencing unprecedent change in our industry. It seems not a day goes by that clean energy isn't in the news or being debated by politicians. No matter what path we take to cleaner energy, electricity will have a major role to play, and how you choose to engage individually can make a big difference overall.

While there is no doubt Benton PUD employees understand and are committed to our every day mission, purpose and values, the 2024-2028 Strategic Plan provides a road map for actions that stretch our current capabilities and are responsive to both opportunities and threats.

Our strategic plan focuses on five strategic goals with Value People at the center of all we do. These five goals are also the foundation of our new POWER UP incentive program, which is designed to engage, motivate, and reward employees for meeting high performance standards, growing personally and professionally, and providing ever-increasing value to our customers.

I invite all employees to review the plan, embrace our strategic goals and actions, and be personally committed to:

Learn Take advantage of new opportunities and offerings to understand more about the electricity industry and the processes and people involved in the delivery of electric and broadband services.

Serve Extend your influence as proud, confident, and credible Benton PUD ambassadors in the communities we serve.

Engage Continue as a forward focused utility and leader in our region by evaluating and developing new and innovative ways to achieve increasing excellence in reliability, stewardship, and power supply.

Empower Promote a culture of employee wellbeing and vitality through involvement in safety and wellness programs.

Rick Dunn, General Manager

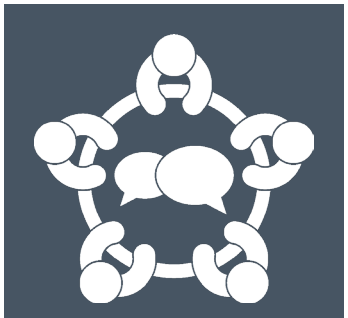
GUIDING PRINCIPLES & STRATEGIC PLANNING PROCESS

MISSION

We contribute high value to our community and customers by providing energy and related services using reliable and efficient delivery systems.

PURPOSE

To improve the quality of life in our community through leadership, cooperation and stewardship.



VALUES

Safety
Integrity
Mutual Respect
Forward Focus
Excellence
Teamwork

GUIDING PRINCIPLES

STRATEGIC PLANNING PROCESS

OUR VALUES

Safety

"We place high value on public and employee safety and each individual is committed to the prevention, education and awareness of hazardous conditions that could lead to accidents or injuries."

Integrity

"We are honest, trustworthy, ethical and demonstrate this by taking responsibility for our actions."

Mutual Respect

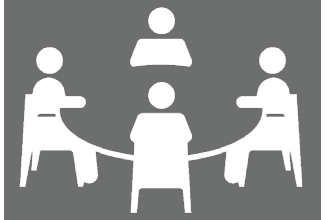
"We value each individual for who they are, understanding and appreciating their opinion and input."

Forward Focus

"We anticipate the future, seeking better and more innovative ways to serve our customers."

Excellence

"We take pride in doing quality work and meeting our commitments."



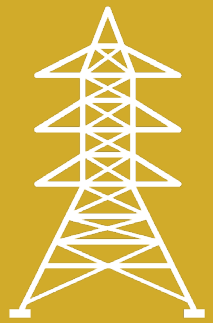
Teamwork

"We work together as an interdependent group of multi-talented people committed to common goals for individual and organizational success."

OUR STRATEGIC GOALS

VALUE PEOPLE

Demonstrate mutual respect and regard for the inherent value of all people through our words and actions.



STRIVE TO MEET 21ST CENTURY GRID EXPECTATIONS

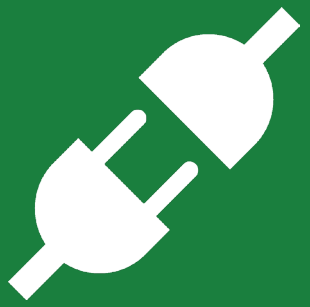
Continuously improve electric service reliability and value.

ENSURE STRONG FINANCIAL & OPERATIONAL STEWARDSHIP

Deliver financial and operational outcomes that demonstrate diligent and consistent adherence to industry best practices; applicable codes, standards, and regulations; and established District policies, guidelines and procedures.

MEET & EXCEED CUSTOMER EXPECTATIONS

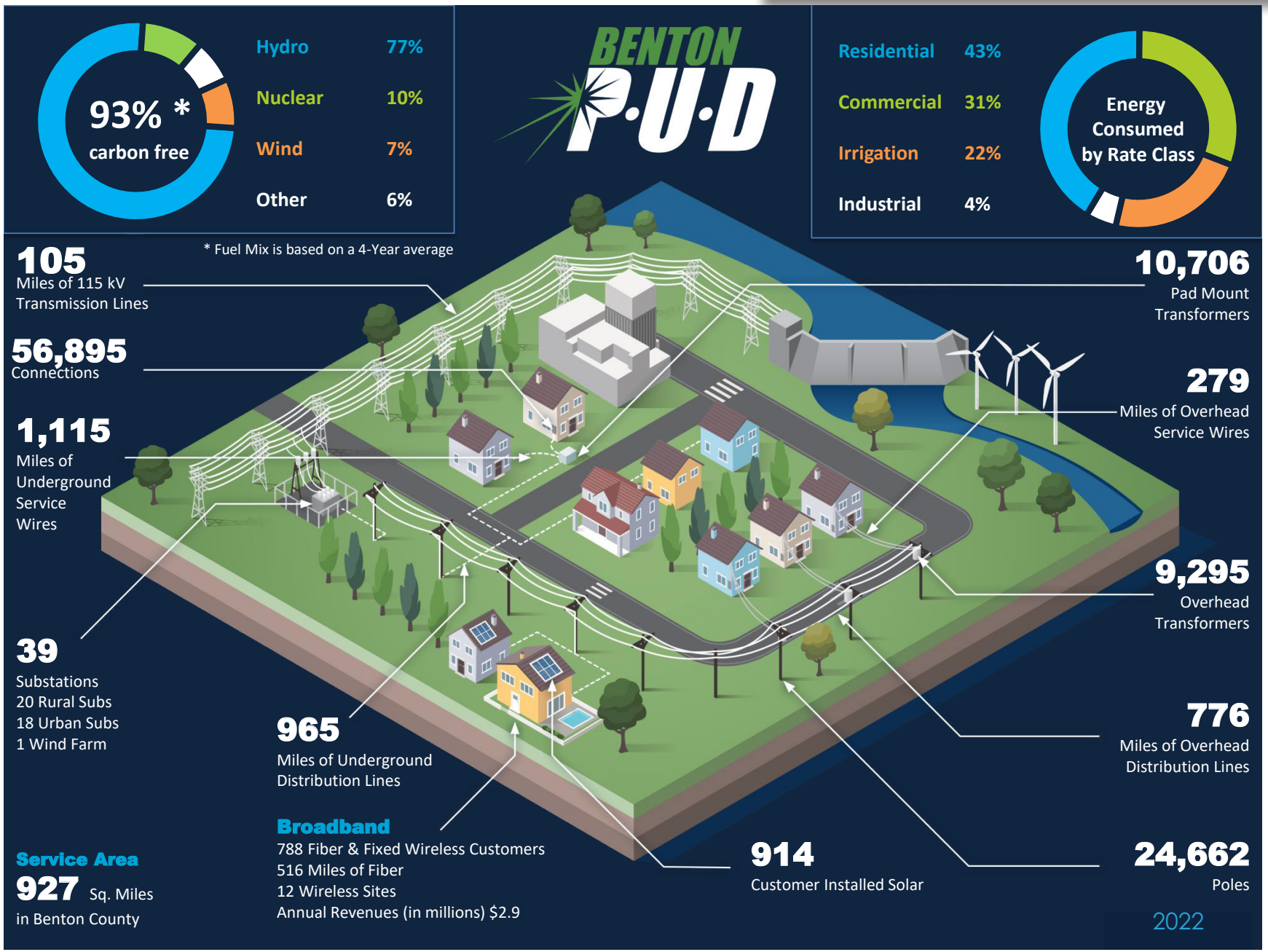
Empower customers with technology, processes and people that help make their lives better.



ENSURE A RELIABLE, ENVIRONMENTALLY RESPONSIBLE & LEAST-COST POWER SUPPLY

Balance environmental and economic tradeoffs and risks to achieve a power supply portfolio which helps ensure the health, safety and well-being of our customers.

WHO WE ARE BY THE NUMBERS



VALUE PEOPLE

ACTIONS

1. Implement a multi-phased approach to an enterprise physical security plan to mitigate risks to property and safety of employees.
2. Market and grow the EmPOWERed program to achieve a high level of employee participation.
3. Formalize an official Benton PUD Leadership Development Program.

DRIVERS OF ACTION

1. Emerging experience gaps in the electric utility industry are increasing competition for skilled personnel in journey-level trades, technical and leadership positions.
2. Online education and training platforms are providing increased opportunities for widespread employee development, and community education and outreach.
3. Many new generation employees are valuing diverse, challenging, and flexible job opportunities over “secure” long-term employment which could increase employee turnover and erode institutional knowledge important to providing reliable and high value electric and broadband services.
4. Employer and employee paradigm shifts have occurred relative to flexible work schedules and telecommuting.
5. Increasing recognition of employer provided wellness programs and opportunities as significant contributors to employee physical and mental health which translates to better job performance and satisfaction.
6. Highly publicized events related to workplace violence have increased expectations of employers to plan for and mitigate worst case scenarios.
7. Equity issues and the social justice movement are influencing corporate policies and practices through federal and state regulations as well as influential non-governmental organizations.
8. A tension exists between electricity as an essential and valued service and the inherent hazards it poses to employees and the general public.
9. Expected increases in prescription drugs and healthcare costs.

STRIVE TO MEET 21ST CENTURY GRID EXPECTATIONS

STRIVE TO MEET 21ST CENTURY GRID EXPECTATIONS

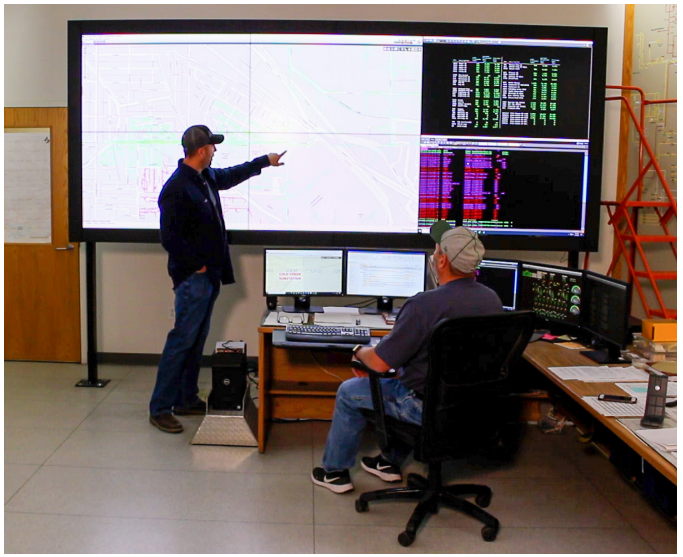
ACTIONS

1. Complete, evaluate, and develop initial implementation plans for next generation Supervisory Control and Data Acquisition (SCADA) communications network to ensure continuous improvement of operational visibility on our transmission and distribution electricity delivery systems.
2. Complete Transmission Reliability Improvement projects (TRIP).
3. Engage with Bonneville Power Administration (BPA) to ensure completion of Tri-Cities transmission systems reinforcement programs and work to develop integrated communications to provide real-time status of the District's regional transmission interconnections.
4. Develop increased distribution system operational 'visibility' through customer meter (AMI) data analytics and reporting of distribution transformer coincidental loading necessary for avoiding overloads caused by electric vehicle charging.
5. Review and update the District's construction and design standards along with equipment specifications and inventory planning to accommodate expected growth in electric vehicle charging.

DRIVERS OF ACTION

1. "Always on electricity" expectations drive the need for redundancy and resiliency in design and operation of transmission and distribution systems.
2. High levels of customer adoption of advanced technologies in their personal lives increases the standard by which electric utilities are measured in their use of technology to anticipate and keep problems from happening, which requires instant and regular customer communications be available when problems arise.
3. Federal and state policies and incentives continue to promote customer-owned generation (primarily solar) requiring utilities to accommodate bi-directional power flow on their distribution systems in planning and operating procedures.
4. Increasing demand for integrated and automated operations between bulk electric system operators (the Bonneville Power Administration) and distribution utilities in order to meet ever increasing reliability expectations, bi-directionaL power flows and the ability to respond to "grid level" emergencies safely and rapidly.
5. The prevalence and availability of utility automation and communication technologies is increasing the standard for 'prudent utility practice' and the potential liability that would come if high levels of operational visibility are not in place.
6. Aggressive Washington State clean energy policies (including a ban on the sale of new gas-powered vehicles starting in 2035) are incentivizing electrification of transportation and natural gas end-uses which policymakers expect will result in a doubling of electricity demand by 2050.

6. Develop increased operational 'visibility' through customer meter (AMI) and SCADA data analytics and reporting to manage possible impacts on distribution feeder and lateral operations caused by increasing concentrations of customer-owned solar, electric vehicle charging and natural-gas end use electrification.
7. Develop a transmission and distribution long-range capacity and operations planning methodology and process (10 year plus) as an addition to the District's 5-year Plan of Service studies.
8. Identify and prioritize timely completion of distribution system operations initiatives represented as Operations Technology (OT) and Outage Management (OM) in the District's Strategic Technology Plan while identifying 'next generation' initiatives in long-range operations planning.



ENSURE STRONG FINANCIAL & OPERATIONAL STEWARDSHIP

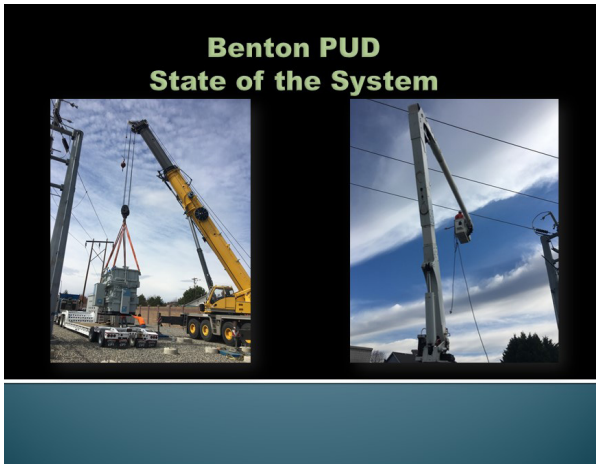
ENSURE STRONG FINANCIAL & OPERATIONAL STEWARDSHIP

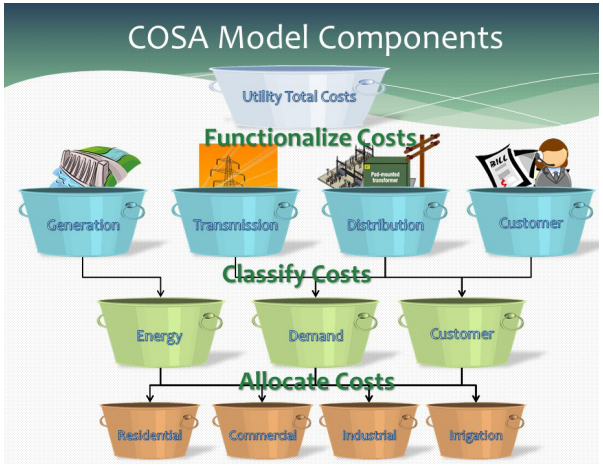
ACTIONS

1. Implement a demand charge for small general service and review the demand charge calculation for medium and large general service consistent with sound cost causation principles
2. Evaluate how rising BPA Tier 2 power costs are reflected in rates for large customer classes including industrial and Electricity Intensive Loads (EIL).
3. Develop standards, procedures, and formal plans to further harden District facilities against physical threats.
4. Considering persistently long equipment lead times, review probable and high-risk transmission and distribution system contingencies to ensure inventory planning and management provide spare equipment and parts adequate for a resilient transmission and distribution system.

DRIVERS OF ACTION

1. Persistent, evolving and increasing cyber and physical security threats.
2. Ever increasing accumulation, availability, and accuracy of data for data-driven decision making.
3. Increasing legal liability associated with power line operations precipitated by wildfire risk and consequences.
4. Increasing State of Washington regulation of consumer owned utilities.
5. Safety, operational and financial challenges associated with increasing demands for joint use of power poles and utility right-of-way for advanced wireless deployments.
6. Increasing competition in the local broadband market causing a commoditization of rates resulting in declining revenues over time.
7. Large amounts of federal and state grant and loan funds for expanding broadband services while Benton County experiences little to no underserved or unserved areas.
8. Electric utility residential and small commercial rate structures have historically not been precisely aligned with cost causation, resulting in a disproportionate recovery of fixed costs through variable energy charges. This misalignment is becoming more of an issue as clean energy policies with strong preferences for intermittent and variable wind and solar power are increasing fixed costs. Utilities must pay to secure dependable generation resources needed to meet peak electricity demand driven largely by residential customers.
9. National and global clean energy policies promoting energy dilute but material intensive technologies like wind, solar and batteries are driving demand for electrical equipment and supplies beyond supply chain capabilities resulting in high price inflation and inventory shortages.





MEET & EXCEED CUSTOMER EXPECTATIONS

MEET & EXCEED CUSTOMER EXPECTATIONS

ACTIONS

1. Increase the volume of customer feedback through convenient and timely methods to improve District processes and help ensure accountability to our customer owners.
2. Evaluate new offerings that can be implemented to enhance our customer's experience by creating more services available on demand including notifications, account changes, and payment channels.
3. Market and grow the EmPOWERed program to achieve a high level of community engagement, while establishing connections with our schools, civic organizations, and economic development organizations to promote and raise awareness of the electric industry.
4. Stay engaged and influence policymakers regarding possible changes to a low-income assistance program design and implementation.

DRIVERS OF ACTION

1. Increasing customer preferences for timely engagement that is a balance of both automated and personal service options.
2. Prevalence of instant communications technology platforms and customer demands to access information anywhere, at any time, on any device.
3. Value of public utility business model eroding over time with questionable brand recognition or loyalty.
4. Diminishing energy savings opportunities through traditional measures and increasing need for rate-based options and incentives.
5. Politically charged and often ideological messaging in the media and academia promoting a low-cost, clean, and renewable energy future is driving misinformation and an expressed interest by the general public to gain a better understanding of the implications of clean energy policies.
6. Washington State clean energy policies require utilities to identify vulnerable low-income populations and expand low-income assistance programs. The state legislature has directed the Department of Commerce to present a recommendation on the design of a statewide low-income assistance program as a possible alternative to those developed and managed by individual utilities.

ENSURE A RELIABLE, ENVIRONMENTALLY RESPONSIBLE & LEAST-COST POWER SUPPLY

ACTIONS

1. Develop a power supply portfolio strategy that meets customer growth forecasts, is responsive to the economic development objectives of our community partners, and addresses state and federal clean energy regulations.
2. Advocate for the preservation of the Federal Columbia River Power System and advancement of nuclear technology through active public engagement and education. Continue to heighten awareness of customers and policymakers to the tradeoffs associated with aggressive state and federal clean energy policies.
3. Advocate for BPA Post 2028 contract terms and conditions that provide adequate flexibility and opportunity for the development of non-federal generating resources.
4. Work closely with Energy Northwest and other interested utilities to ensure Site-1 Small Modular Reactor project is thoroughly vetted and seriously considered as a future power supply option.

DRIVERS OF ACTION

1. Fully subscribed Federal Columbia River Power System and erosion of firm hydro generation capability due to increased spill for salmon recovery.
2. Coal power retirements and associated loss of dispatchable capacity increasing the risk of blackouts in the northwest.
3. Anti-fossil fuel ideology and clean energy policies chilling (or eliminating) new investments in dispatchable natural gas power.
4. Due to aggressive clean energy policies in the northwest and beyond, there is deepening dependence on the hydropower system to maintain grid reliability.
5. Clean energy policies with strong preferences for wind and solar power despite their inherent variability, intermittency, and limited value in meeting resource adequacy requirements.
6. Increasing evidence of persistent cost increases for wind and solar generation being driven by increasing raw and refined material costs as well as demand exceeding supply chain capabilities in the U.S. and worldwide.
7. Grid scale energy storage considered necessary and inevitable due to deepening dependence on wind and solar power with mounting evidence Lithium-Ion technology is not a suitable long-term solution due to material and operational constraints.
8. The Northwest Power and Conservation Council (NWPCC) has developed a new set of metrics to evaluate grid reliability in response to previous criticisms of their one-dimensional loss-of-load probability analysis.
9. The Western Resource Adequacy Program (WRAP) has established itself as the standard by which participating utilities will be measured when it comes to resource adequacy.
10. Customer load control (demand response) as a solution to utility capacity deficits.
11. Eroding support for hydro power and continued pressure from environmental, tribal, and state governmental interests to remove dams as a means for salmon recovery.
12. Increasing calls and support for a western U.S. or northwest regional transmission organization (RTO) or independent system operator (ISO).
13. Tri-Cities economic development focus on nuclear power and energy storage.
14. BPA post-2028 contract development and negotiations including possible augmentation of the BPA Tier 1 system annual energy capability will continue through 2025 when utilities are anticipated to sign new long-term contracts which may or may not result in all of the District's load being served at the lowest BPA rate.
15. BPA's New Large Single Load (NLSL) policy limiting spot-load growth to 10 average megawatts combined with Washington's Clean Energy Transformation Act (CETA) carbon-free generation requirements severely constrains the District's ability to provide firm and low-cost energy usually demanded by electricity intensive industry which continues to express an interest in bringing jobs to the Tri-Cities area.
16. Uncertainty regarding the availability and increasing cost of new dependable generation resources in the northwest and throughout the western U.S. is driving high forward power market prices and increasing risk of higher rates needed to serve growing electricity demand.
17. Aggressive clean energy policies in Washington and Oregon are promoting rapid electrification of transportation and natural gas end-uses (which is expected to double electricity demand by 2050) while utilities struggle to balance affordability and reliability under zero-carbon constraints. The mismatch between political and utility load forecasts coupled with 'development friction' associated with material and land intensive wind and solar generation and the transmission lines needed to bring remotely generated electricity to where people live is resulting in high levels of uncertainty in terms of availability, price, and reliability of future power supplies.