Providing value amid a changing energy industry

Mid-West Electric Consumers Association
June 12, 2018 | Estes Park, CO

Mark A. Gabriel
Administrator and CEO
Value in all we do

Enduring value for customers and the nation in the 21st century

- Supporting our customers with industry developments
- Improving organizational alignment
- Complying with regulatory drivers
- Re-investing in assets
- Hardening against physical and cyber threats
Rates as measure of success

• Over the past two years, rates have decreased for about 60% of customers
  – Pick-Sloan Eastern Division
  – Loveland Area Projects

• Reduced drought adder to 0
• CVP mid-year rate decrease by 13%
Rates as measure of success

• Over the past **nine** years, rates have remained **flat** for more than **20%** of customers
  – Anticipated rate decrease for Salt Lake City Area/Integrated Projects as early as next year

• **2000-2001 California Energy Crisis Refund** case concluding
2018/2019 PPW budget status

- 2018 & 2019: Reduced offsetting collections
- No short-term impacts
- Unobligated balances are essential
- Impact of sustained constraints
- Congressional report due June 23
Cost containment

CPI projects: $2,734,766
ex: CRSP MC Office Space Reduction

Just Do It projects: $23,232,957
ex: SN Streamlined Real-Time Forced Outage

WAPA Strategic Initiatives: $29,298,980
ex: OFCO Automated Self-Service Invoicing Tool

WAPA cost savings and avoidance: $55,000,000+ as of March 31, 2018
Washington D.C. update

- Change from Deputy Secretary to Assistant Secretary of Electricity
- Inland Waterways Trust Fund
  - Not included in House version of Water Resources Development Act of 2018
  - Impact would depend on when power receipts are collected
  - Also would affect SEPA & SWPA
Asset Management 2.0

Reliability Centered Maintenance
Maintenance established a process for collecting data points to monitor and report

<table>
<thead>
<tr>
<th>Region</th>
<th>RCM %</th>
<th>2-Yr. Trend</th>
<th>RCM Ratio</th>
<th>2-Yr. Trend</th>
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<tbody>
<tr>
<td>WAPA</td>
<td>95.4%</td>
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<tr>
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<td>SNR</td>
<td>94.8%</td>
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</table>
Critical equipment resilience

- Assessing four options for transformer sparing strategy
- HILF events only
- Ongoing customer communications
- Expect decision shortly
Physical security

- Continue to improve security posture
- 319 substation assessments completed FY 2017
- 75 second-round assessments to be completed in 2018
- 18 complete as of Q2
Maturing IT program

• Improving reliability through lifecycle management
• Federal overlay
  – FISMA
  – FITARA
  – CIP
• Audit load
• Increasing cyber threats
• Supply chain risk management
Powerful partnerships

- Transparency
- Power Repayment Study
- Markets
Transparency

**ANNUAL REPORTS**
Find annual reports and statistical appendices for the current and past few years.

**BUDGET ALLOCATION**
Find WAPA and regional fact sheets and 10-year planning information. Content will be updated yearly.

**BY THE NUMBERS**
Searchable index created to increase transparency about WAPA's power systems. Content updated yearly.

**CUSTOMER NEWS**
Get updates, alerts, and news on topics of interest to customers.

**KEY TOPICS**
Access key topics affecting WAPA's mission or service.

**PRESENTATIONS & SPEECHES**
Discussions between our CEO, Senior Executive team, and customers.
Transparency

• Expanding available data
  – 10-year history
  – Includes expenditures
  – Narrative to explain increases/decreases
  – How-to guide to help navigate data

• Worked in partnership with customers
Power Repayment Study

- New PRS went live April 27
- One system to set rates and track repayment for 15 power systems
- Secure, reliable
- Increases transparency

The application is functionally strong.

A great balance of versatility, data integrity and usability.

Data entry is a snap. Users can upload, hand input or cut and paste data. No more checking links and correcting formulas.

The process was open and flexible... That helped gain user buy-in, produce a better platform, and develop the next generation of PRS experts.
Core values

Listen to understand, speak with purpose

Seek. Share. Partner.

Be curious, learn more, do better. Repeat.

Respect self, others and environment.

Do what is right. Do what is safe.

Serve like your lights depend on it.
Developing our workforce

- Inclusion and Diversity
- Organizational Change Management
- Inclusion, Innovation and Technology
Change is upon us

Wind-penetration record
62.13% at 1:54 a.m.
on March 31, 2018
Oahe generation

April 9th Comparison for Oahe Generation

4-second data for hours ending 1 - 24

2015, 2016, 2017, 2018
Societal changes
Radical thoughts

The kilowatt-hour is dead

Time-of-purchase vs. time-of-use

All-you-can-eat energy
Change brings challenges

• Intermittent resources
• Variable hydro production
• More customer-side resources
• Changing markets
Economic challenge

How can we manage in a Twitter–centric world?
What are we doing about it?
Key takeaways

Focus on value and business excellence.
Be aware of industry trends and changes.
Continue delivering on mission.
Contact/follow me

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