

Providing value amid a changing energy industry

Missouri River Energy Services
May 10, 2018 | Sioux Falls, SD

Mark A. Gabriel
Administrator and CEO

The value of WAPA



Value in all we do



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

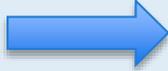
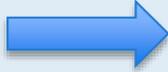
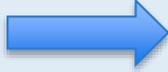
Discussions between our CEO, Senior Executive team, and customers.

Transparency

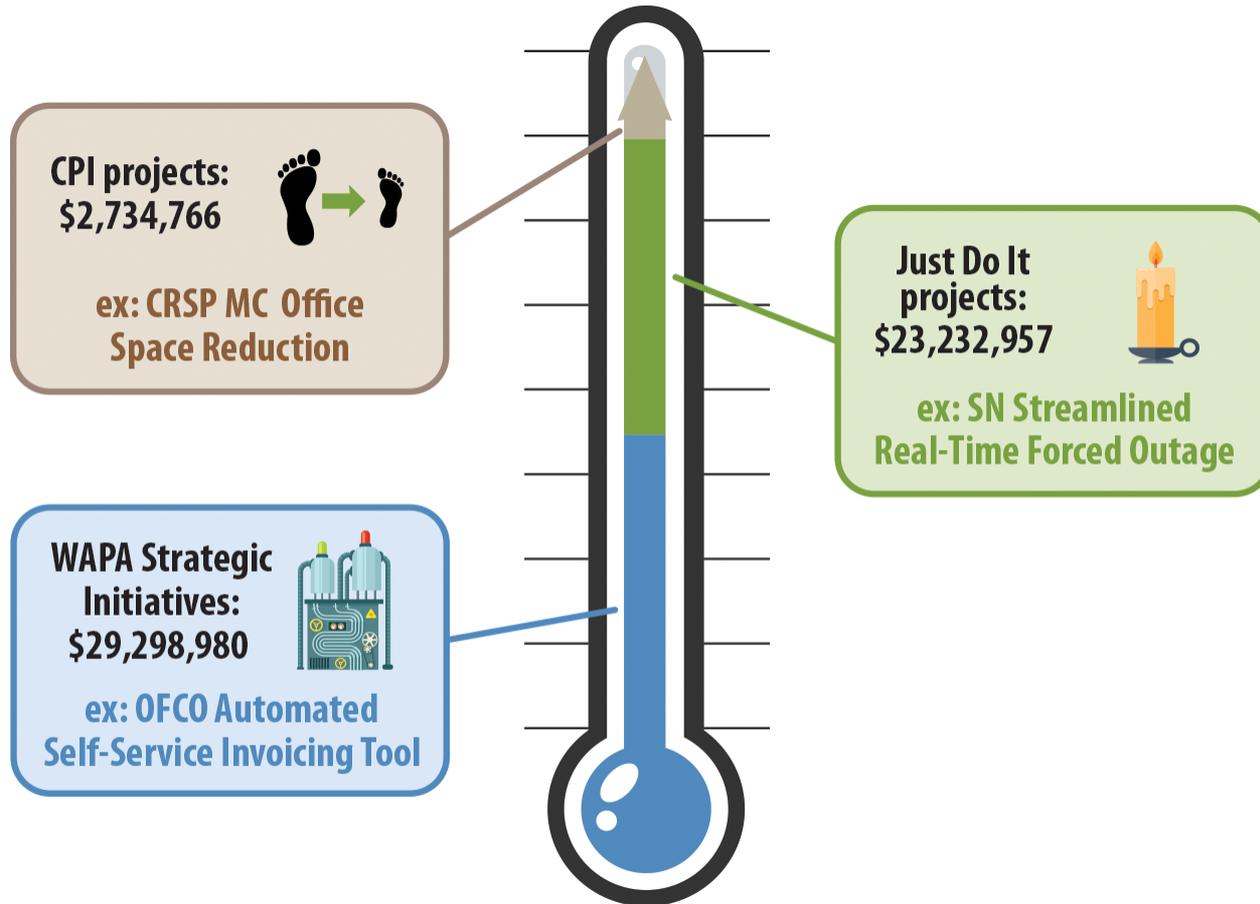
- Expanding available data
 - 10-year history
 - Includes expenditures
 - Narrative to explain increases/decreases
 - How-to guide to help navigate data
- Worked in partnership with customers



Value of cost drivers

Driver		Value
O&M costs		Increased resilience and reliability
Capital investments		Increased resilience and reliability
Physical and cybersecurity		Mitigated risk
Increasing regulatory requirements		Strengthened grid
Organizational realignment		Increased efficiency, cost reduction

Cost containment



WAPA cost savings and avoidance: \$55,000,000+ as of March 31, 2018

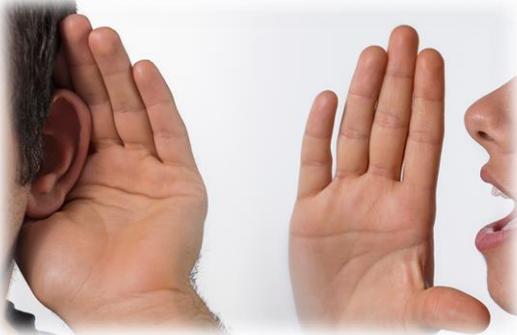
Rates as measure of success

- Over the past **two** years, rates have **decreased** for about **60%** of customers
 - Pick-Sloan Eastern Division
 - Loveland Area Projects
- Over the past **nine** years, rates have remained **flat** for more than **20%** of customers
 - Salt Lake City Area/Integrated Projects



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.**



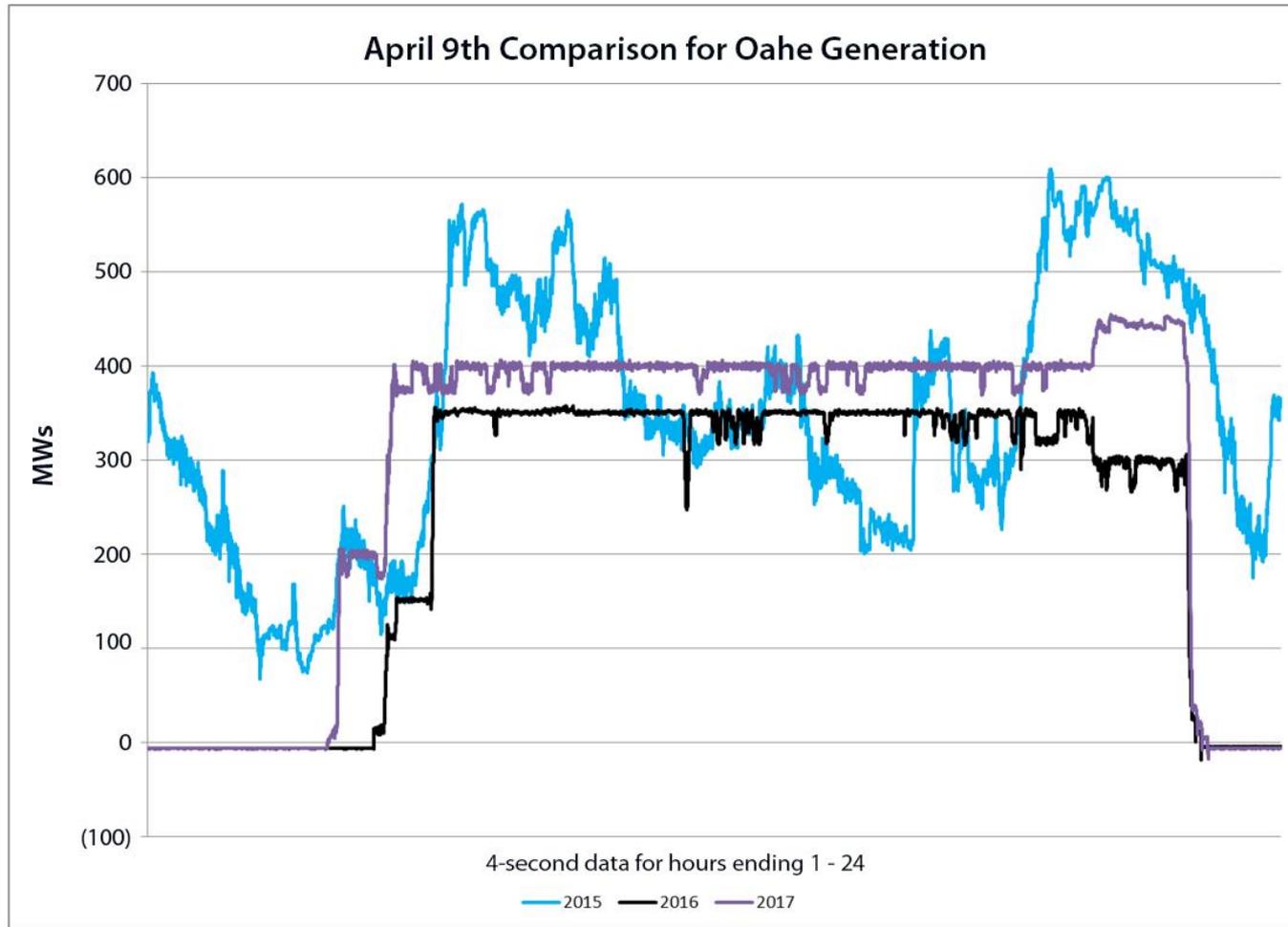
**Serve like your lights
depend on it.**

Change is upon us



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

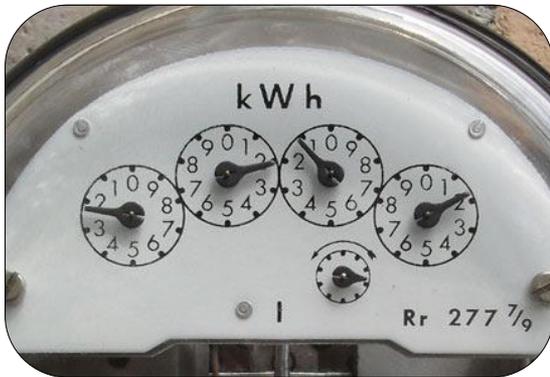
Oahe generation



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
- Decreased hydro production
- More customer-side resources
- Changing markets



Economic challenge

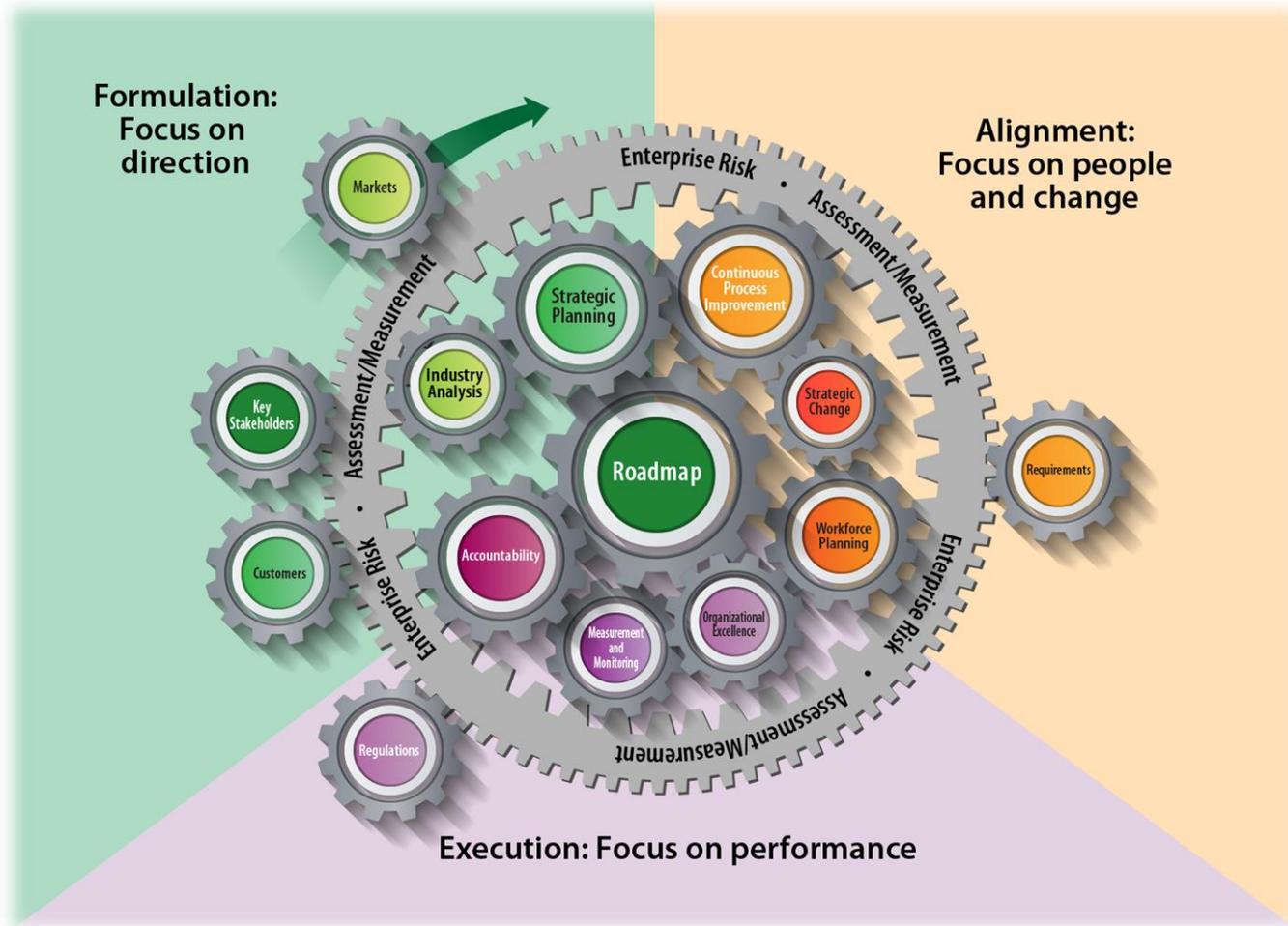
How can we manage in a
Twitter–centric world?



The future nexus



What are we doing about it?



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.

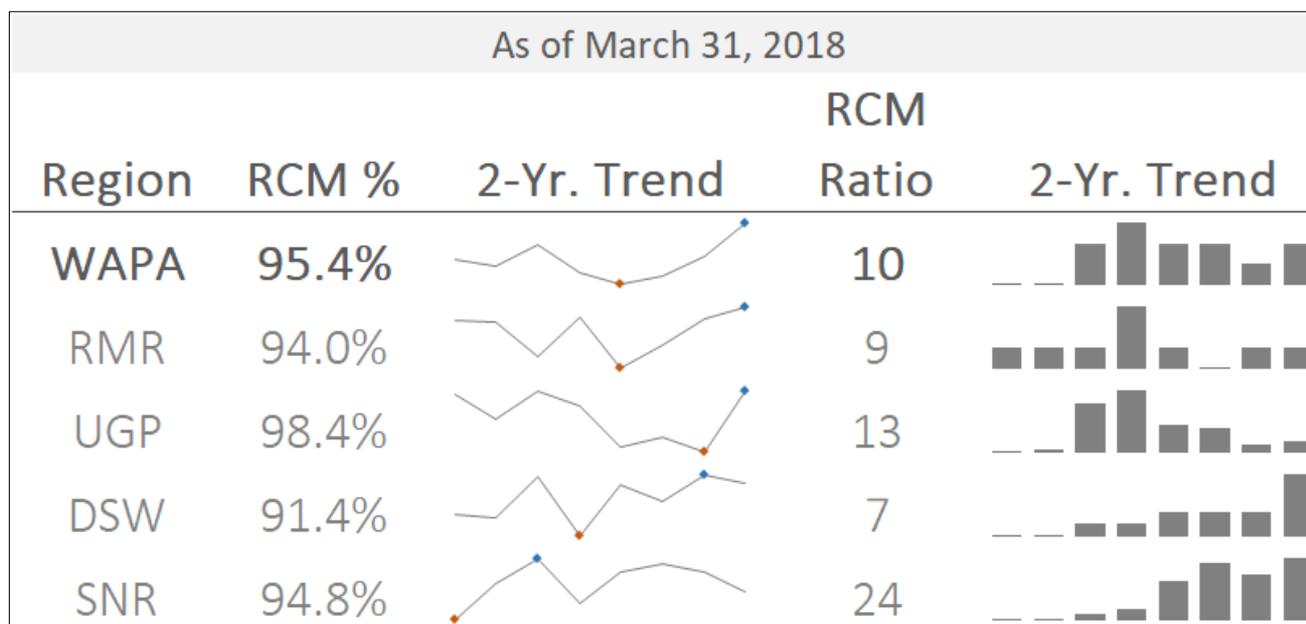
Data entry is a snap. Users can upload, hand input or cut and paste data. No more checking links and correcting formulas.

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

Asset Management 2.0

Reliability Centered Maintenance

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



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



Key takeaways

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



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