Adjusting, responding, serving

Colorado River Storage Project Management Center
Annual Customer Meeting
June 30, 2020  |  Virtual meeting

Mark A. Gabriel
Administrator and CEO
Engaging in a world of change
2020 accomplishments

- Common SCADA platform
- Integrated Communications Group
- Began consolidated CRSP and DSW t-line rates initiative
- Planning for Craig plant retirement
- T-line and substation projects on track
- Received a clean audit
- State fact sheets and stat appendix
- Workplace violence prevention training
- WEIS/EIM on track
- Four new Asset Management categories
- Progress on workload planning
- New Leadership Development Program
- Fiber report finished
- Top safety performance
- Transmission vision moving ahead
- Exploring battery storage with BOR
- Leading DSW markets study
- Joined NWPP Reserve Sharing Agreement
Mt. Lemmon fire
Common SCADA system

- Does not equal one SCADA across WAPA
- OSI vendor selected
- Expected benefits
  - Improve operational flexibility
  - Increase reliability
  - Avoid future support and administrative costs due to cross training and supporting multiple contracts

### Project timeline

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<tr>
<td>Evaluation of products</td>
<td>Selection and procurement of product</td>
<td>Sierra Nevada implementation</td>
<td>Upper Great Plains implementation</td>
<td>Desert Southwest and Rocky Mountain implementation</td>
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Continuous Process Improvement

CPI projects: $3,386,760
   ex: DSW Purchase Power and Transmission Invoicing

Just Do It projects: $60,189,838
   ex: CRSP North Fork to Rifle Steel Lattice Structure Repair

WAPA Strategic Initiatives: $46,564,812
   ex: OCFO Automated Self-Service Invoicing Tool

Operational Effectiveness Improvements
   ex: Power System Change Management

WAPA cost savings and avoidance: $110,141,410 as of March 31, 2020
Combined transmission service rate

• Includes CRSP & DSW transmission projects
• Beginning of collaborative process with customers
• Part of continuous improvement and increasing efficiency
BPS Executive Order

- Prohibitions against certain equipment suppliers
- Pre-qualify equipment suppliers
- Evaluate current equipment
- Establish procurement policy taskforce
Coronavirus response

- Objective: Ensure continued mission success and protect employees
- Maximized telework
- Social distancing plans in place for Ops & Maintenance
- Collaborating with federal, state & local entities
- No visitors to WAPA facilities
- Starting Responsible Workplace Re-entry
  - Mission-critical travel & training only
  - Potential sequestration of operators in Phoenix
DSW COVID-19 cases

- As of June 26, 2020
  - 2 positive cases
  - 2 active quarantine cases
  - 8 completed quarantine
Facility testing dashboard

- WAPA-wide Approvals
  - Facility Re-Entry Count
  - Updates in Progress: 47
- Upcoming Re-Evaluation: 4
- Upcoming Planning Change: 0
- Upcoming Phase Change: 2

- CRSP Approvals
  - Updates in Progress: 2 (100%)
- DSW Approvals
  - Updates in Progress: 7 (100%)
- HQ Approvals
  - Updates in Progress: 2 (100%)
- RMR Approvals
  - In New Phase: 1 (33.33%)
- SNR Approvals
  - WAPA Administrator Approved: 1 (100%)
- UGP Approvals
  - Updates in Progress: 22 (100%)
New cyber challenges

• Increased phishing and spam attempts
• Availability, speed and security of employees’ internet
• VPN reliability (10x increase in use)
• Doubled help desk tickets
• Third-party video conferencing software (e.g., Zoom)
Employee well-being survey

- 792 respondents
- ~83% able to fulfill work responsibilities
- Return to work
  - 46% not ready
  - 26.7% uncertain
  - 27% ready
- Major concerns on return to work
  - Exposure to virus/other people’s actions
  - Wearing masks for extended periods of time
Why are we joining EIS/EIM

- Change in generation mix
- Shortage of electric capacity
- Reduced bilateral trading partners
- Price volatility
- Increasingly dynamic system
WAPA’s position on markets

• No “one-size-fits-all” solution
• Stay strategic, proactive and aligned with our mission
• Create best possible outcome for our customers and WAPA
AM Almanac

• Protecting Assets in World of Change
• Support informed and strategic decision making
• Provides info on WAPA’s assets, performance data and trends
AM Almanac

**WARE RESULTS: POSSIBLE FUTURE INVESTMENT NEEDS**

**Possible Transformer Investment:**
10-Year Outlook: 2019 – 2028

- CRSP MC: $14.7M
- DSW: $8.4M
- RM: $5.3M
- SN: $0
- UGP: $38.6M

**Possible Circuit Breaker Investment:**
10-Year Outlook: 2019 – 2028

- CRSP MC: $11.7M
- DSW: $5.5M
- RM: $6.8M
- SN: $16.4M
- UGP: $6.4M

**Commentary:** The WARE tool projects asset replacement using current health and risk data for the current year, but only uses age data to extrapolate to future years. Mitigation options for assets that fall outside thresholds may include asset investment, replacement, additional maintenance or accepting the risk.
Fiber update

- Awaiting final DOE approval
- Pilot project with three customers
- 60 days to complete pilot project plan
WIRED participation

- Western Interstate and Regional Electricity Dialogue
- Focused on electricity markets in the West
  - Consider state’s clean energy standards & GHG accounting
  - Develop transmission and resource planning
  - Understand reliability and resilience issues
Personnel updates

• Senior VP & acting CFO is Jody Sundsted.
  – CFO selection announcement expected soon.
• Acting Senior VP & UGP Regional Manager Lloyd Linke began in June.
• Senior VP & DSW Regional Manager is Tracey LeBeau.
• CAO job vacancy announcement posted.
Key takeaways

We are committed to delivering on our mission. Industry is changing at a rapid pace, and we must keep up. Focus on optimizing existing technologies & assets.
Contact/follow me

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