Investing in a connected future

Heartland Consumers Power District annual meeting
May 9, 2019  |  Madison, SD

Mark A. Gabriel
Administrator and CEO
A connected WAPA
Mission breakout

**RELIABILITY**
651 people  
and  
28 percent of dollars invested in maintenance and related areas

**DELIVERY**
334 people  
and  
22 percent of dollars dedicated to power operations and engineering areas

**MARKETING**
including purchase power and wheeling  
158 people  
and  
42 percent of dollars committed to power marketing areas

**COST-BASED**
and related services  
298 people  
and  
8 percent of dollars applied to support the mission
# Pick-Sloan composite rate projection

<table>
<thead>
<tr>
<th>WAPA project</th>
<th>Long-term composite rate (weighted average) $/MWh</th>
<th>Average long-term market-based electricity prices $/MWh</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loveland Area</td>
<td>31.44</td>
<td>63.72-76.30</td>
</tr>
<tr>
<td>Pick-Sloan</td>
<td>24.00</td>
<td>35.26-66.60</td>
</tr>
</tbody>
</table>
Preparing for the future
Shared Integrated Grid
Connected world
Latest wind record

Wind-penetration record
67.3% at 1:25 a.m.
on April 27, 2019
Tactical Action Plan & Roadmap

• Third TAP since 2014
• Activities & areas of focus for 2-3 years to progress along Roadmap
• Basis of annual performance targets
2019 Tactical Action Plan

- **Mission Critical Customer Services in an Evolving Industry**:
  - Preparing for Markets
  - Organizational Approach to Markets

- **Grid Resilience**:
  - Physical Security
  - Cybersecurity
  - Emergency Management
  - Strategic Transformer Management
  - Fiber Partnerships

- **Asset Management 2.0**:
  - Life Cycle Management of Major Assets
  - Life Cycle Management of Additional Assets
  - Data as a Strategic Asset

- **People and Organization**:
  - Human Performance and Just Culture
  - Leadership Development
  - Program and Budget Integration
  - Acquisition Management

- Evolution of Services
- Mutually Beneficial Partnerships
- Business, Technology and Organizational Excellence
Mission critical services

• Continuing conversations on the future of markets
• Organizational Approach to Markets
• Reliability coordinator transition
Grid Resilience

- Increasing regulations
- Internet of Things
- OT/IT convergence
- Asset management nexus
- “Smart” technology
- Continuing communications
Grid Resilience
Asset Management 2.0
People and Organization

• Human Performance and Just Culture
• Leadership development
• Program and budget integration
• Acquisition management
The Source

• Posted FY 2018 data Jan. 31
  – Rates and sales data by power system
  – Federal FTE equivalents
  – Expenditures
  – Capital investments by project
  – Reserve funding balances matrix
American Broadband Initiative

Assess viability of leasing DOE dark fiber

- **April:** Complete feasibility assessment plan
- **December:** Complete the feasibility assessment
How we are responding

• To date
  – Established Fiber Optic Partnerships feasibility assessment team
  – Submitted Feasibility Assessment plan to DOE

• May: Develop regionally-based customer outreach

• June-September: Regional customer outreach

• Dec. 11: Submit Feasibility Assessment to DOE

• Report progress quarterly using performance metrics
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Fort Randall Dam
Courtesy of USACE