Agenda

• Colville Confederated Tribes Overview
• Grant Overview & Location
• Grant Objectives
• Grant Progress & Current Status
• Grant Next Steps
• Appendix 1: Tribal Utility Authority (TUA) Development
Colville Confederated Tribes Overview

- Approximately 5,000 tribal members live on Reservation
- Residential load is comprised of both tribal and non-tribal households
- Commercial load is comprised of gaming facilities, tribal government facilities and industrial customers
- The Reservation is approximately 1.4 million acres and is served by six different existing utilities
  1. City of Grand Coulee
  2. Ferry County Public Utility District No. 1
  3. Nespelem Valley Electric Cooperative
  4. Okanogan Public Utility District No. 1
  5. Douglas County Public Utility District No. 1
  6. Avista Utilities
Grant Overview & Location

- Award No. DE-EE005047, 2013
- Grant award for development and formation of a Colville-owned and managed electric utility on the Colville Tribes Reservation
- The Colville Tribes applied for this grant intending to form a tribal utility across the entire Colville Reservation in North Eastern Washington
- Colville also seeks to identify other major cost-related issues with existing utility services and to identify potential solutions for those issues
## Grant Objectives

<table>
<thead>
<tr>
<th>Task Number Per Statement of Work</th>
<th>Title or Brief Task Description</th>
<th>Original Planned</th>
<th>Revised Planned</th>
<th>Actual</th>
<th>Percent Complete</th>
<th>Progress Notes</th>
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<tbody>
<tr>
<td>1</td>
<td>Complete Existing Service Providers Cost Study</td>
<td>2013</td>
<td></td>
<td>1-13-13</td>
<td>100%</td>
<td>Delivered: Colville TU Task One 12-18-13 (TEP reviewing)</td>
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<td>2</td>
<td>Complete System Valuation Study</td>
<td>2014</td>
<td>Q2, 2015</td>
<td></td>
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<td>3</td>
<td>Complete Regulatory Assessment</td>
<td>2014</td>
<td>Q2, 2015</td>
<td></td>
<td></td>
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<tr>
<td>4</td>
<td>Complete Draft CTU Ordinance</td>
<td>2014</td>
<td>Q2, 2015</td>
<td></td>
<td></td>
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<td>5</td>
<td>Complete Draft CTU Business Plan</td>
<td>2014</td>
<td>Q2, 2015</td>
<td></td>
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<tr>
<td>7</td>
<td>Initiate BPA Tier-1 Application</td>
<td>2014</td>
<td>Q3, 2015*</td>
<td></td>
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<td>8</td>
<td>Complete Final CTU Feasibility Report</td>
<td>2014</td>
<td>Q4, 2015*</td>
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</table>
Grant Progress & Current Status

• **Q2 2013**- Grant was amended to permit an additional task of performing an initial high-level review of the six utility service territories within the reservation, to determine where tribal utility efforts would best be focused.

• **Q4 2013**- Initial report assessed and reviewed existing utility rate structures for Colville residential and commercial customers and found limited opportunity for a Colville-owned tribal utility.

• **2014**- After review by tribal leadership, it was determined that spending resources on a detailed cost estimate for a reservation wide utility was not necessary and agreed to proceed in a more strategic and focused area-specific approach.

• **Q1 2015**- Colville Tribes selected Avant Energy (Minneapolis) as the contractor to complete the remaining task orders for the grant.
Grant Next Steps

The following next steps are on the table:

• Detailed evaluation of a Colville-owned utility in Avista service area
• Detailed evaluation of Ferry County PUD residential rate structure for Colville members
• Targeted bill reviews for Colville Tribal customers
• Detailed evaluation of a Colville-owned utility in Okanogan PUD Service Area
• Evaluation of City of Coulee Dam rate structure for Colville members
• Evaluate Bonneville Power Administration Tier 1 Power Supply for Colville
• Evaluation of business opportunity with Enloe Dam

• Is there any low hanging fruit?
• In what order should the initiatives be executed?
• Are there additional initiatives to consider?
Avant reviewed existing options and ranked them based on a number of variables.

Filter 1: Number of Goals Supported – what options support the largest number of the grant’s overall goals?

Filter 2: Return on Investment – what initiatives provide the largest bang for the buck?

Filter 3: Impact – which initiatives will have the largest positive impact for Colville Tribal Members.
Based in ranking criteria discussed on the previous slide, the following top seven initiatives were identified:

<table>
<thead>
<tr>
<th>Rank</th>
<th>Initiative</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Detailed evaluation of a Colville-owned utility in Okanogan PUD Service Area</td>
<td>Begin 2015 Q2</td>
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<tr>
<td>2</td>
<td>Detailed evaluation of a Colville-owned utility in Avista service area</td>
<td>Begin 2015 Q2</td>
</tr>
<tr>
<td>3</td>
<td>Detailed evaluation of Ferry County PUD residential rate structure for Colville members</td>
<td>Begin 2015 Q2</td>
</tr>
<tr>
<td>4</td>
<td>Evaluate Bonneville Power Administration Tier 1 Power Supply for Colville</td>
<td>Begin 2015 Q2-Q3</td>
</tr>
<tr>
<td>5</td>
<td>Evaluation of business opportunity with Enloe Dam</td>
<td>Begin 2015 Q2-Q3</td>
</tr>
<tr>
<td>6</td>
<td>Evaluation of City of Coulee Dam rate structure for Colville members</td>
<td>Begin 2015 Q3</td>
</tr>
<tr>
<td>7</td>
<td>Targeted bill reviews for Colville Tribal customer</td>
<td>Begin 2015 Q3</td>
</tr>
</tbody>
</table>
Appendix 1: Tribal Utility Authority (TUA) Development
Electric Utility Industry

• Utilities deliver electricity to customers

- Generation: Generate or Buy Electricity
- Transmission: Send Electricity to Local Substations
- Distribution: Send Electricity to Customers
- Customer: End Users of Electricity

• Three main types of utilities:
  1. Investor-Owned Utilities (IOUs)
  2. Municipal Utilities
  3. Cooperative Utilities
Utility Industry is Led by IOUs

- **Generation**: Generate or Buy Electricity
- **Transmission**: Send Electricity to Local Substations
- **Distribution**: Send Electricity to Customers
- **Customer**: End Users of Electricity

Ownership of Generation (%MWh):
- IOU: 37%
- Nonutility: 41%
- Co-op: 5%
- Federal: 4%
- Muni: 6%
- PPD/State: 7%

Ownership of Transmission (% of miles):
- IOU: 77%
- Muni: 0%
- Co-op: 6%
- Federal: 11%

Ownership of Distribution (% of miles):
- IOU: 48%
- Co-op: 42%
- Muni: 7%
- Federal: 3%

Customers Served (% of total):
- IOU: 73%
- Co-op: 13%
- Muni: 14%
IOUs Are Regulated Monopolies

• Deliver electricity to service territories
• No competition within service territories
• Regulator ensures fair price of electricity
• Fair price is based on **cost of service**
What is a Tribal Utility?

• A tribal entity that takes over the responsibility of delivering electricity to tribal ratepayers

• Responsibilities include:
  – Planning and Procuring Electricity Supply
  – Distribution of Electricity to Customers
  – Setting Rates
  – Billing / Customer Service
IOU vs. Tribal Utility

- **Generation**: Generate or Buy Electricity
- **Transmission**: Send Electricity to Local Substations
- **Distribution**: Send Electricity to Customers
- **Customer**: End Users of Electricity

Investor Owned Electric Utility

- **Electricity**
- **Tribal Ratepayers**
- **$$$

[Diagram showing the flow of electricity from generation through transmission, distribution, and to customers]
IOU vs. Tribal Utility

**Generation**
Generate or Buy Electricity

**Transmission**
Send Electricity to Local Substations

**Distribution**
Send Electricity to Customers

**Customer**
End Users of Electricity

Wholesale Electricity Market

Tribal Utility

Tribal Ratepayers

Electricity

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Avant Energy
Why Establish a Tribal Utility?

Primary Goal: 1. Reduce Electric Rates

Secondary Goals: 2. Align Utility Decisions with Tribal Goals
3. Enhance Economic Development
4. Improve Customer Service
## Align Utility Decisions with Tribal Goals

<table>
<thead>
<tr>
<th><strong>IOU Goals</strong></th>
<th><strong>IOU Decisions</strong></th>
<th><strong>Tribal Goals</strong></th>
<th><strong>Tribal Utility Decisions</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Please Investors</td>
<td>1) Large, centralized power plants</td>
<td>1) Self-reliance</td>
<td>1) Distributed self-generation</td>
</tr>
<tr>
<td>2) Meet Regulations</td>
<td>2) Minimum renewable generation</td>
<td>2) Economic development</td>
<td>2) Employ tribal members and keep profits on reservation</td>
</tr>
<tr>
<td>3) Please Customers</td>
<td>3) Rates allocated to residential, commercial, industrial customers</td>
<td>3) Environmental sustainability</td>
<td>3) Significant renewable generation</td>
</tr>
</tbody>
</table>
3 Enhance Economic Development

• Turn one of tribe’s largest monthly costs into a revenue opportunity

• Lower electric rates for tribal ratepayers $\rightarrow$ more money to spend on other goods and services

• Coordinate with economic and community development initiatives on reservation
What is the process?

- Each phase of the process is a stage gate – is there sufficient support to move forward?
- Planning portion of the project is relatively straightforward – data availability will drive timeline
- Execution portion of the project has more variability – negotiations with utilities can be contentious
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