

FOCUS ON THE FUTURE

2023-2027 STRATEGIC PLAN



A MESSAGE FROM OUR COMMISSIONERS

A LEGACY OF SERVICE

We are public power and water.

Since we were created by a vote of the people in 1936, we have been not-for-profit, community owned, and locally governed. Nearly 90 years later, our mission remains the same: deliver safe, reliable, and environmentally sustainable electricity and water to our communities.

The communities we serve have diverse current and future needs. We know that our ability to be successful in the future is intertwined with theirs.

PUD Key Facts

- ♦ 97% carbon-free power supply
- ♦ Second-largest public utility in Washington state and 12th largest in the US
- ♦ 850,000 people and 25,000 businesses served by 377,000 electric meters
- ♦ 23,000 water customers and wholesale water to six local utilities
- ♦ 1,160 employees



Left to right: Commissioners Tanya Olson, Rebecca Wolfe and Sidney Logan

Electricity and water are vital to life and work in our communities. Our customers rely on our services to be there any time they flip a switch, plug in a device, or open a tap. They trust us to meet their needs and deliver exceptional, dependable value regardless of current or future circumstances.

As a public power utility, we care deeply about being a good neighbor. We are part of the communities we serve and recognize that our futures are inextricably linked. Thus we embrace each opportunity to partner and work together to achieve a bright future for our customers. We believe our strategy positions us for success, and we are eager to implement it.

In 2021, Snohomish PUD began developing a comprehensive long-term strategy and strategic plan to guide it in becoming our communities' utility of the future. This work will help the PUD anticipate and respond to future challenges, adapt to the evolving needs of our customers, and ensure that we continue helping our communities thrive.



A MESSAGE FROM OUR GENERAL MANAGER

Helping our communities thrive means we must become the utility of their future. Doing so requires that we look beyond our day-to-day operations and consider what the future could hold, what might be asked of us, and what we need to fulfill our purpose. Only by envisioning the future and planning for what it could bring will we know what must be done today to achieve success tomorrow.

Our world is in a constant state of change. If we fail to evolve, we risk being left behind. How do we keep up while staying true to our purpose and values? How do we keep our commitments when the goal posts are continually shifting? How do we navigate the coming challenges and ensure our business and operations remain on solid ground in 20 years?

Having clarity across Team PUD around the fundamental aspects of what we do, why we do it, where we are going, and the commitments that anchor us is fundamental to our ability to succeed in a rapidly changing world. That shared understanding is woven into everything we do and the decisions we make. It underpins our strategy, guides our priorities, and drives us to be better at what we do.

Our 2023-2027 Strategic Plan will guide our decisions about how we allocate resources and invest in the infrastructure that the future demands. It will keep us united in our dedication to serving our customers.

We often talk of our commitment to energizing life in our communities. Though delivering power and water is essential to this, it means so much more to us – it means being a part of our community and taking actions that help our communities prosper now and into the future. We believe this plan does just that, and we look forward to continuing this journey with you.



our values

We hold ourselves and every member of Team PUD to high standards. Every day we **SAFEGUARD** what matters, putting employee and community safety first. We have **INTEGRITY**. We are a **TEAM**. We **SERVE** with pride and **RISE** to challenges. We choose to **INCLUDE** all, **SEEK** growth, and be **BOLD**.

our purpose

We deliver **ESSENTIAL UTILITY SERVICES** to **HELP OUR COMMUNITIES THRIVE**.

our commitment

We embrace our role in enabling the vitality of the communities we serve, today and tomorrow. To fulfill our part, we will:

- be a **POWERFUL PARTNER** by
 - Proactively anticipating and supporting community and customer needs
 - Advocating for our communities in the places and ways that matter most
 - Offering a valuable resource for our customers, community partners, and industry peers
- provide **EXCEPTIONAL VALUE** through
 - Fiscally responsible planning and management
 - Operational excellence, continual improvement, and innovation
 - Environmentally sustainable services, operations, and stewardship of community assets
- deliver **EXCELLENT EXPERIENCES** built on
 - Reliable, resilient, and dependable electricity and water
 - Transparent, consistent, and proactive communication
 - Customer-centric culture, services, and programs
- be the **BEST VERSION** of **TEAM PUD** by
 - Investing in our employees and hiring, developing, and nurturing excellence
 - Fostering a community-centric, inclusive culture of empowered, engaged employees

our vision

To be the utility that delights our customers and **energizes life in our communities**.



LOOKING TO THE FUTURE

Helping our communities thrive means becoming the utility of their future. Doing so requires that we look beyond our day-to-day operations and consider what the future could hold, what might be asked of us, and what we need to deliver on our commitment.

Our strategy is informed by comprehensive scenario planning workshops that imagined how our region might change in the next 20 years. Employees explored the five scenarios to identify the resources and capabilities we need for success across many or all of them.

Our Executive Leadership Team and Commission leveraged these insights to prioritize long-term opportunities and challenges and set our strategic priorities.

CRITICAL OPPORTUNITIES AND CHALLENGES

These opportunities and challenges are driven by external forces and their effects on our communities and our operating environment. Successfully navigating them requires significant, coordinated organizational responses from our leadership.

COMMUNITY AND OPERATING ENVIRONMENT

- ✦ Quickly growing communities with diverse needs and new expectations
- ✦ Increasing community and customer reliance on electricity intensifying pressure for reliable and resilient service
- ✦ Technological change and accelerating adoption by our customers, communities, partners, and suppliers
- ✦ Regulatory requirements to decarbonize all aspects of District operations
- ✦ An increasingly competitive labor market
- ✦ Growing operating, maintenance, and capital costs driven by a multitude of factors
- ✦ Competition from new entrants into the energy and water utility markets

SYSTEM OPERATIONS, LOAD, AND SUPPLY

- ✦ Significant shifts in usage patterns and load growth driven by climate change, population growth, and electrification
- ✦ Supply-side resource challenges driven by new regulations, risks to existing resources, integration of new resources, new competition, and transmission constraints
- ✦ Increasingly severe and disruptive climate change impacts on our communities and operations
- ✦ Ever more sophisticated cyber and physical threats and related regulations and penalties
- ✦ Sustained or intermittent supply-chain issues

STRATEGIC PRIORITIES

Together, the Executive Leadership Team and Commission identified five long-term strategic priorities that will require our active focus to successfully meet the changing needs of our communities and customers. This focus will ensure we can continue to help our communities thrive and deliver exceptional value to our customers.

Our strategic priorities:

- *Bolster operational reliability and resiliency*
- *Enhance and evolve customer experiences*
- *Actively help our communities thrive*
- *Build a sustainable future with our communities*
- *Create the culture and capabilities needed for the future*

STRATEGIC PLAN ELEMENTS

Each strategic priority is supported by a set of objectives and key initiatives and activities.

Objectives

Particular outcomes we are driving toward under each priority.

Key Initiatives and Activities

High-level descriptions of interrelated actions and work that will help us achieve an objective. Some key initiatives and activities are more concretely defined than others.

Leadership, Timing and Resources

The Executive Leadership Team knows that we cannot successfully undertake all key initiatives at the same time. As a first step, leadership and implementation teams will work together to determine responsibility and specific scope, timing, and resources for each initiative and activity.

Bolster Operational Reliability and Resiliency

OBJECTIVES	KEY INITIATIVES AND ACTIVITIES
Develop the capabilities for an increasingly complex energy future Invest in the insight, infrastructure, technology, and programs required to meet the rapidly changing and increasingly complex demands of the future.	Develop a clear, unified vision of the role we want to play in community decarbonization and electrification and set clear objectives and goals.
	Develop a strategy and implement action plans to achieve our vision, meet electrification demands, and serve rapidly evolving customer loads.
	Implement a cohesive cross-functional portfolio of technology, infrastructure, resource, analytics, and program solutions to meet utility and customer needs.
Build the distribution grid of our future Modernize and automate infrastructure and operational practices to increase reliability and resiliency. Identify, understand, and mitigate risks to service delivery.	Enhance load forecast evaluation and impact analyses and update system planning practices in line with changing customer and community needs.
	Develop and implement grid-hardening policies and practices resilient to climate change impacts and responsive to long-term load changes.
	Increase the value and impacts of our reliability and resiliency improvement work with more sophisticated planning and new approaches.
	Implement distribution automation capabilities leveraging smart grid communication infrastructure.
	Refine our maintenance work prioritization and asset management practices.
Ensure resource adequacy by expanding and protecting resources Cultivate an integrated resource portfolio that is cost-effective, reliable, and responsive to the requirements of the future.	Implement electric system Integrated Resource Plan (IRP) action plan including energy storage, demand response, and energy-efficiency program optimization. Evolve plans as indicated by future IRPs.
	Implement the 2021 Water System Plan including new storage, pumping capacity, water treatment, advanced metering infrastructure, and updates to the wellhead protection plan.
	Proactively identify and initiate asset and infrastructure projects with long planning horizons.
Preserve exceptional customer value Ensure long-term financial health and stability through robust planning, cost and risk management, and adequate reserves.	Develop and implement an enterprise-wide approach for operational planning.
	Bolster enterprise risk management practices and protocols.
	Improve budgeting, cost management, and long-term planning; enhance budget and financial reporting.
	Develop and implement a long-term rate strategy and supporting policies.

Electrification of transportation, heating, and industry will intensify customer and community dependence on electricity, increase overall energy use, and change usage patterns. The regional shift towards clean energy and accelerating climate change creates new operational complexities. Ensuring that energy and water are available whenever and wherever needed will require sophisticated planning, new and upgraded infrastructure, continual improvement of our practices, and responsible financial management.

How we will measure our progress

- ♦ System reliability metrics
- ♦ Financial performance metrics
- ♦ Customer satisfaction with reliability and value of our services



Arlington Microgrid & Clean Energy Center

This innovative facility combines solar arrays, a lithium-ion battery energy storage system, and vehicle-to-grid charging stations to demonstrate new approaches to disaster recovery, grid resiliency, and electric vehicle integration. The microgrid was designed and sized to provide power to the future North County Community Office and operations center during a grid outage. The Clean Energy Center will educate our customers and communities about emerging energy technologies.

Evolve and Enhance Customer Experiences

OBJECTIVES	KEY INITIATIVES AND ACTIVITIES
Center our work around customer desires, challenges, and expectations Proactively assess, understand, and anticipate customer needs and expectations and take timely, intentional actions.	Enhance and employ our overarching customer experience strategy through a shared vision and action plans.
	Create a customer-centric culture, shared across all divisions and teams. Support and train employees.
	Improve our ability to make customer-centric decisions. Leverage existing and new research, data, and feedback methods for increased insight into customer needs, expectations, and preferences. Make it easier to access and leverage insights and analytics to inform program / service design and decisions.
Deliver creative, personal, and convenient solutions Enable customers to interact with us in the ways that work best for them. Expand proactive communication capabilities using customer-preferred platforms and channels.	Increase consistency and coordination of customer service options and communications across divisions.
	Implement new and enhanced self-service options responsive to customer needs, expectations, and preferences.
	Design and deliver personal and proactive customer communications regarding outage restoration, system work, and relevant programs and opportunities.
	Centralize and utilize customer-preference management.
Give customers increased flexibility and control over their usage and costs Meet customer needs with rate and billing options that fit varying lifestyles and business operations. Leverage new technologies and data to help customers make informed decisions.	Prioritize, plan, and implement solutions to enable meaningful smart grid benefits to customers in the near and long-term.
	Offer customers new ways to understand and manage their usage and costs including new billing options, insights, and recommendations.
	Develop and offer new rate options that meet PUD and customer needs.
	Enhance our ability to implement rate and billing changes through new and improved processes, tools, and systems.

Our communities are increasingly diverse with evolving customer needs and preferences. The standards set by other industries are influencing what our customers expect of us.

To continue delivering excellent experiences and earn customer loyalty we must keep pace and adopt a customer-centric focus across all aspects of our operations. We must hear, understand, and respond to what customers want, need, expect, and value.

How we will measure our progress

Customer satisfaction ratings for:

- ✦ Service channels and platforms
- ✦ Communication from us
- ✦ Tools for understanding usage and billing
- ✦ Billing and rate options



Our Smart Grid and Connect Up

Beginning in 2023 the District will deploy advanced electric and water metering technology as a crucial part of our smart grid transformation.

Actively Help Our Communities Thrive

OBJECTIVES	KEY INITIATIVES AND ACTIVITIES
Strengthen our community connections Expand the breadth, depth, and impacts of our engagement. Meet customers where they are and where they need us to be.	Clearly define and communicate the framework for how we will intentionally connect and engage with our communities.
	Strengthen and expand our existing approach to create more and deeper engagement with a broad set of organizations and customers.
	Better support employees volunteering in their communities with clear guidelines, policies, and appropriate resources.
	Centralize information and materials to increase awareness of engagement, ease of access, and consistency of engagement.
Support the economic vitality of our communities Partner with community leaders and stakeholders to foster a vibrant and resilient local economy. Support development and new construction.	Develop and implement a strategy to strengthen our support of economic vitality, capitalizing on our value as a community asset and acting on input from partners and stakeholders.
	Evaluate and improve the new service process, focusing on improving the customer experience while maintaining fair and transparent policies.
	Improve our ability to meet new connection needs and timelines, focusing on proactive planning, cross-functional and agency collaboration, and construction practices.
Align our practices with our communities' diverse needs Understand if and where inequities exist in our practices and operations. Take appropriate and intentional action to increase equity.	Clearly define what equity means for us in context of our communities, customers, services, and operating requirements.
	Evaluate our current practices, programs, and services to identify inequities and their impacts. Engage our customers and communities as part of this work.
	Incorporate equity into our decision-making and service and program design. Support and train employees. Establish equity performance metrics.

We have been part of the fabric of our communities since our creation and are committed to providing equitable services and access. Water and power are vital to ensuring Snohomish County and Camano Island thrive today and in the future.

Looking to the future we believe we have the opportunity, and responsibility, to become an even more powerful partner.

How we will measure our success

- Internal assessment of our work and its impacts
- Community partnerships and customer feedback

Connecting with Community

Our employees are active in our communities, supporting events and organizations. The PUD participates in community events year-round to connect and engage with our neighbors.



Build a Sustainable Future With Our Communities

OBJECTIVES	KEY INITIATIVES AND ACTIVITIES
Responsibly minimize and mitigate our environmental impacts Strengthen our focus on reducing our greenhouse gas emissions, reducing waste across our business activities, and reducing our environmental impacts.	Develop an environmental sustainability action plan that establishes clear goals, priorities, and roadmaps. Institute key metrics and implement tracking and reporting systems.
	Implement plans and actions to reduce our greenhouse gas emissions and minimize electricity and water waste.
	Develop and support a culture of environmental stewardship through education and engagement. Incorporate environmental value into decision making practices.
Help our customers and communities achieve their goals Engage with community leaders and customers to understand their varying sustainability goals. Develop mutually agreeable strategies and timelines to meet their objectives.	Clearly articulate guidelines and expectations of how we partner and support our communities and customers, appropriate to our role as a public utility.
	Strengthen our ability to support local governments, agencies, and key accounts.
	Enhance our ability to support residential and small-to-midsize business customers by continuing, evolving, and expanding existing environmental sustainability programs.

New North County Community Office

Slated for completion in 2024, our new North County Community Office is designed to LEED Gold Standard and will include rooftop solar panels and public electric vehicle charging stations.



We have long prioritized providing affordable carbon-free power to our communities while being sensitive to the natural environment in our planning, construction, and operations. With growing momentum toward electrification, decarbonization, local energy generation and storage, and conservation of natural resources, we are uniquely positioned to help our communities develop and achieve their sustainability goals.

How we will measure our success

- ♦ Performance metrics defined in the environmental sustainability action plan
- ♦ Internal assessment of efforts to support community and customer sustainability goals
- ♦ Feedback from community partners and customers



Innovative Public Transportation Charging

In 2023, PUD and Everett Transit will install an in-ground resonant magnet induction charging system for electric buses at Eclipse Mill Park near downtown Everett. The charger will be the first of its kind in Western Washington. It will support Everett Transit’s transition to an all-electric transportation system and inform PUD load management strategies. The Washington State Department of Commerce Clean Energy Fund is funding approximately ninety percent of the project.

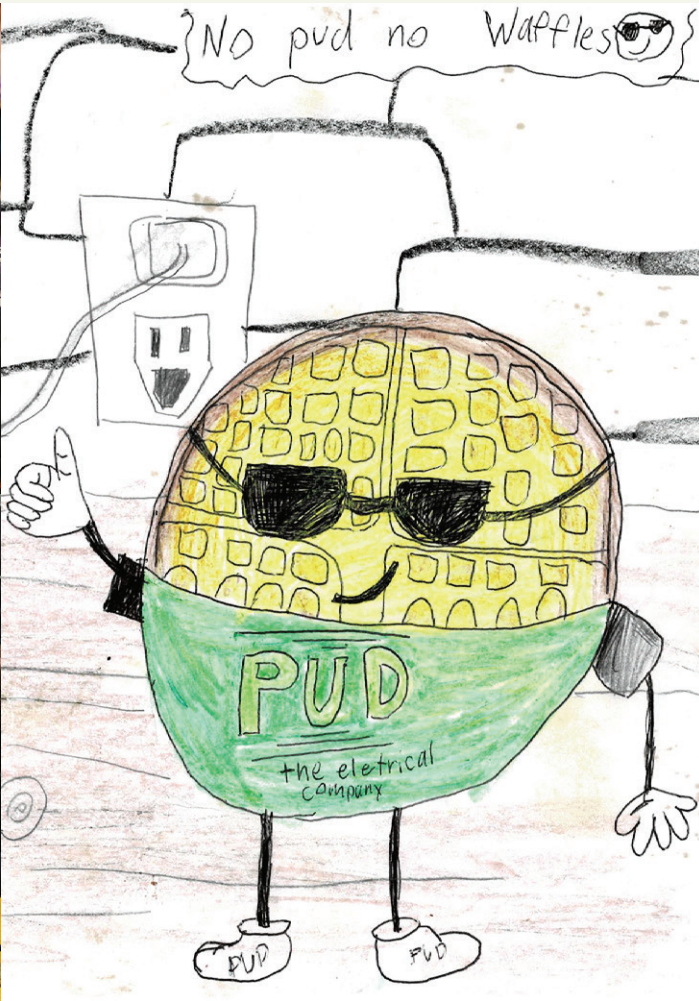
Create the Culture and Capabilities Needed for the Future

OBJECTIVES	KEY INITIATIVES AND ACTIVITIES
Be an employer of choice Offer rewarding work experiences that meet evolving employee needs. Create an inclusive culture where everyone can feel safe, welcome, and valued. Engage and empower our people in consistent, meaningful ways.	Develop and implement a strategy to effectively support flexible, hybrid work.
	Develop and implement a strategy to increase manager effectiveness.
	Increase transparency and equity of access to advancement and development opportunities.
	Implement the Diversity, Equity, and Inclusion Initiative Blueprint. Establish and track performance metrics.
	Develop and implement a consistent and meaningful framework for measuring employee experience and acting on the insights.
Evolve workforce skills and capabilities Anticipate the workforce capabilities needed in the next 10 years and develop a robust strategy to meet those needs. Invest in our people to ensure they have skills, knowledge, and tools to succeed.	Develop and implement a strategic workforce plan.
	Align and enhance training and development to meet needs of the future.
	Enhance community workforce pipeline development strategy.
	Develop and implement a strategy to strengthen recruiting and on-boarding.
	Strengthen workforce reporting, planning, and analytics capabilities.
Increase organizational alignment and effectiveness Ensure that all of Team PUD shares a common vision and works together to achieve it. Establish systems to support organizational alignment, planning, prioritization, and decision-making.	Create a culture of trust and collaboration rooted in shared values, collective responsibility, and transparent communication.
	Clarify decision-making and accountability by establishing and communicating expectations and guidelines. Train and support leaders and employees.
	Develop and implement enterprise work prioritization and resource planning. Identify and implement supporting systems, tools, and reporting processes.
	Develop and implement strategic plan performance management to build understanding and buy-in. Identify key performance metrics and track, assess, and regularly report progress.
	Develop and implement a strategy to capture opportunities and mitigate risks of generative AI tools.
	Manage data as a critical asset to enhance business processes, support informed decision-making, and drive innovation.

Our employees are the heart of our organization; they are fundamental to our ability to deliver on our commitments and achieve our vision. We must attract, develop, and retain a workforce that embodies our values and reflects the diversity of our communities. Our employees need not only the capabilities and resources to do their jobs safely and effectively, but also access to development and advancement.

How we will measure our success

- Employee sentiment metrics
- Recruitment and retention metrics
- Diversity and equity metrics



Empowering the Workforce of the Future

The PUD works with teachers, schools, and community organizations to educate students and inspire the workforce of our shared future.

ACKNOWLEDGMENTS

This strategic plan would not have been possible without the tremendous efforts of the PUD employees and community partners who provided their input and expertise at various stages of the process.

Thank you to the over 80 PUD employees who participated in the Scenario Planning Workshops and the over 120 PUD employees who participated in the Objective Workshops. Your contributions were vital to understanding our challenges and opportunities, and identifying the key initiatives and activities.

Thank you to all the employees across the PUD who took time to review and provide comments on the document throughout the process.

Thank you to our community partners, including government entities, non-profit organizations, and local businesses that reviewed and provided input on this project. Your feedback was essential to ensuring our plan was in alignment with the community's vision.

Lastly, thank you to Laura Lemke, Strategy and Performance Planning Leader and our Strategic Planning Team – Lisa Hunnewell, Sarah Bond, Brian Booth, John Hieb, and Kellie Stickney – for their tremendous efforts facilitating workshops, sorting and analyzing input, and bringing all of it together to draft this document.

MORE INFORMATION

www.snopud.com/strategic-priorities