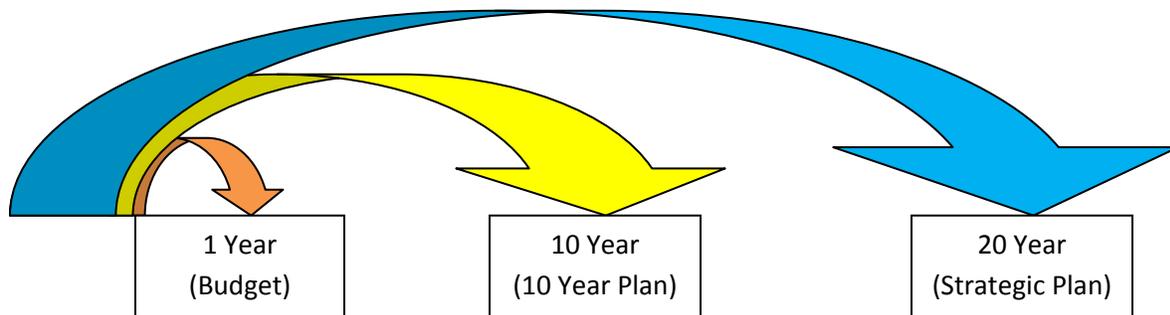




Springfield Utility Board 20 Year Strategic Vision July 2016

Purpose

The purpose of this 20 Year Strategic Vision is to provide the Board and Management a general context for the opportunities and challenges that present themselves in the planning horizon. Opportunities for policy decisions or Board guidance may arise out of the discussion of this plan to assist management in framing recommendations for the future.



Budget vs. 10 Year Plan vs. 20 Year Strategic Vision

The Board’s budget process implements the short term concepts established within the 10-Year Plan (and other planning documents) and the 20-Year Vision. The 10-Year Plan shows a series of short and mid-term steps that are planned as well as an identification of sequencing of events and priorities. The 20 Year Strategic Vision is not intended to be a tactical decision making document – although decisions that are an outcome of the 20 Year Vision may result in nearer term actions to migrate to the desired outcomes in the 20 Year Strategic Vision. Input from the Board provided additional opportunity to refine the draft Strategic Vision. This document contains questions under sections labeled “Board Policy/Vision Issue”. The original intent of the questions is not to arrive at an answer, but to spark an internal discussion with individual Board members that may lead to a broader discussion. The Board did provide direction based on those discussions.

General Topics in the 20 Year Strategic Plan

• Service Territory	• Power
• Water	• Telecommunications
• Gas (Natural Gas and Steam)	• Reliability
• Mission / Identity / Brand	• Consolidated SUB Operations
• Transformational Technology	• Regulations / Laws
• Succession Planning and Organizational Structure	• Financial Management
• Community Collaboration	

Process

The genesis of this document arose from the Board's direction to the General Manager to expand upon 20 year strategic planning. A draft Strategic Vision was created in May 2015. This was followed by Board presentations and discussions on August 26, 2015, January 13, 2016, and June 8, 2016.

While all of the topics are interrelated, the nexus of the 20 Year Vision is the Mission/Identity/Brand of SUB. The process began with topics around what services SUB can provide under the City Charter, then moved through other topics, and concluded with Mission / Identity / Brand. This was intentional in order to a broader understanding of SUB's activities and how Mission / Identity / Brand could be modified given the input on various topics.

This final 2016 document begins with Mission / Identity / Brand and the other topics flow from there. In future reviews of the Strategic Vision, it is suggested that the draft discussions end with the Mission discussion and any final outcome begin with the Mission.

Mission / Identity / Brand

In the mid-1990's SUB's electric rates were roughly equal to the rates of other providers. Since that time, SUB rates have risen, but other utilities' rates have risen faster. Today, SUB's residential electric rates are approximately 40% lower than other local utilities. SUB's water rates are moving closer to the average water rates for benchmark utilities. In the past, the expectation from customers may have been that SUB's rates were competitive and lower than rates provided by investor owned utilities (like Portland General Electric or PacifiCorp). Today some local utilities continue to benchmark investor owned utility rates. Springfield customer perceptions and expectations may have shifted substantially to the point that customers today not only expect a good value (low rates), they expect the best value (the lowest rates). This is not a negative expectation, but it is constructive to look forward to a time where SUB's water and electric rates may return to be closer in alignment to some local utility rates. It has happened before and can happen again.

SUB has an excellent story to tell, but there is a need for additional investments in the system and costs are rising. It is recommended that SUB continue to reinforce low rates, reliability, and customer service without over-emphasizing having the lowest rates. Having the lowest rates may de-emphasize reliability and customer service which can push management and the Board to decisions for short term gain that place significant long term challenges on the utility. In order to have a brand, SUB needs an identity. In order to have an identity, SUB needs a mission. If the mission changes, identity and brand may need to shift.

Current Direction:

- SUB will continue to focus equal importance to low rates, reliable service, and excellent customer service.

- Any comparison of rates to local utilities will be mindful that any savings may not continue over the long term.
- Staff will continue to emphasize the value that SUB provides to its customers.
- SUB is focused on the expectations and perceptions of the community. SUB is not giving as much priority to meeting expectations outside the community.
- SUB will continue to focus on emphasizing low rates, but the identity of SUB includes other elements (e.g. reliability) that SUB's branding will highlight.

Board Policy/Vision Issue:

- Does the Board desire to modify the mission of SUB?
Direction: The Board added the word "safe" to SUB's mission.
- Does the Board desire to have low rates have a priority over reliability or excellent customer service? Does the Board expect the lowest rates now and into the future?
Direction: Continue with emphasis on low rates. SUB's brand will emphasize low rates, reliability, and customer service.
- Does the Board desire that SUB dedicate more resources to promoting SUB outside the community?
Direction: Look for targeted opportunities to with the intent to expand local economic development opportunities. SUB should also continue to look at ways to externally communicate the benefits of local control and better customer service to legislators and policy makers to prevent policies that take away benefits from the community.
- Is there targeted value to proactively promoting SUB externally that can provide benefits for economic development or are utility rates and reliability lower in the list of priorities for business location/relocation?
Direction: Continue to look for targeted opportunities to externally market SUB in a cost effective manner.

Service Territory

SUB authority to provide services is defined in the City of Springfield's Charter and in the Oregon Revised Statutes. SUB can develop infrastructure and provide services within and without the City limits. However, the type of service SUB provides can point to different pathways to provide service in an area.

Electric Service Territory

While SUB has the ability to service within and without Springfield, if an adjacent consumer owned utility has a territorial allocation approved by the Oregon Public Utilities Commission (PUC), then SUB does not have the outright ability to displace that utilities service area. This was decided by the Oregon Supreme Court when SUB asserted that it had the ability to displace Emerald PUD as the City limits expanded. If SUB pursued service for customers already served by a PUC approved territory that is served by a consumer owned utility, SUB

would need to negotiate that transfer with the other utility's approval. SUB does have agreements with Eugene Water and Electric Board in some surrounding areas.

Current Direction:

- SUB will explore potential territorial transfers with neighboring utilities in areas that increase efficiency, optimize assets, have logical geographic boundaries, and/or serve customers within the urban growth boundary.
- SUB is focused on the expectations and perceptions of the community. SUB is not giving priority to meeting expectations outside the community.
- SUB will continue to focus on emphasizing low rates, but the identity of SUB includes other elements (e.g. reliability) that SUB's branding will highlight.

Board Policy/Vision Issue:

- Does the Board desire that SUB provide electricity within the City limits and what guidance does the Board wish to provide the General Manager with regard to those discussions?

Direction: The Board is open to continued efforts to work with neighboring utilities to provide service to Springfield residents and businesses in a cost effective manner.

Water Service Territory

Unlike electric service territory, SUB has a more affirmative ability to take over a water utility's service area within the city limits. SUB has agreements with service providers around the city limit's edges, such as Glenwood Water District and Rainbow Water District that provide a framework for transfer of assets and customers as property comes within the City limits. While SUB has the authority to provide water, there may be instances where – due to prohibitive costs – SUB elects not to extend water service for a period of time. An example would be a decision by the City Council to extend the urban growth boundary or City limits to an area that requires extensive water infrastructure investment to serve. An outstanding question may be to what degree SUB requires the City or other party to contribute or find funding for those investments rather than have those types of investments be primarily borne by ratepayers.

Current Direction:

- SUB will explore potential territorial transfers with neighboring utilities in areas that increase efficiency, optimize assets, have logical geographic boundaries, and/or serve customers within the urban growth boundary.
- Expansions of the City's UGB that present geographic and cost challenges may place constraints on the ability to extend and integrate water service. SUB has taken actions to evaluate and construct additional capacity within its current system to accommodate future UGB expansion.

Board Policy/Vision Issue:

- Does the Board desire that SUB provide water within the City limits and what guidance does the Board wish to provide the General Manager with regard to those discussions?
- *Direction: The Board is open to continued efforts to work with neighboring utilities to provide service to Springfield residents and businesses in a cost effective manner.*

Telecommunications and Gas Service Territory

SUB provides Telecommunications services for its own needs as well as leasing of surplus dark (unlit) fiber. SUB has the authority to provide a variety of telecommunications and gas (including natural gas or steam) services within and without the city limits.

Current Direction:

- SUB's telecommunications infrastructure continues to have a primary focus of integration of communications for SUB operations with a secondary focus of leasing unlit fiber to third parties. SUB continues to review opportunities to expand telecommunications offerings. Lit fiber services (cable, internet, phone) may be pursued, but unlike rural areas, the Springfield area has a competitive telecom market and business plans related to a significant expansion of telecommunication services point to an under-recovery of capital and maintenance costs (in part due to a fairly rapid rate of reinvestment as hardware technology changes).
- SUB has the authority to provide steam (gas) service. Steam heating requires its own set of infrastructure and one can look at EWEB's recent exit from steam service (due to a decline demand) as an indication that steam heating is a niche market. In exploration of local general opportunities, SUB does consider the potential ability to use the waste heat for providing steam services (but this is not a distributed steam heat scenario – but rather for a potential use in close proximity to a generation site).

Board Policy/Vision Issue:

- As SUB does not provide natural gas service and provides only dark fiber, there are no territory issues at this time. However, SUB can be exposed to taxation/fees for facilities outside the city and needs to be mindful to allocation of those costs. If SUB were to provide natural gas or more extensive telecommunications services, the issue of Board guidance on service territory may arise.
Direction: Do not pursue gas at this time.

Power

As a consumer-owned utility, SUB has “preference “ status purchasing power from the Bonneville Power Administration (BPA) – which means that SUB has certain preference and priority rights to purchase power from BPA . Like other preference customers, SUB's current contract with BPA contains a fixed amount of low cost (Tier One) power and the ability to self supply or purchase Tier Two power in the event that forecasted loads exceed Tier One power.

At this time, SUB's load is expected to exceed its Tier One allocation in 2019. SUB's current contract with BPA expires September 30, 2027.

Oregon's Renewable Portfolio Standard requires utilities to supply a percentage of their load with qualified renewable energy sources. Qualified energy sources are defined in Oregon statutes and do not include large hydroelectric generation, however RPS compliance does not require a utility to displace BPA purchases. From a practical perspective, large hydroelectric generation is renewable, but if large hydro was included then many consumer-owned utilities in the Northwest would not have to take additional measures for RPS compliance – therefore large hydro exclusion was a political compromise rather than scientific reality. Renewable Energy Certificates (RECs) which represent the renewable component of a generating source can be used for RPS requirements. RPS requirements are linked to a utility's size. SUB is classified as a "small" utility and load growth is not projected to result in SUB moving into a "large" utility status for the foreseeable future. As a "small" utility SUB must meet 10% of retail load with qualifying renewable resources by 2025.

SUB customer surveys have consistently revealed that large hydroelectric generation is considered renewable. Local public perception is aligned with science from this perspective. While SUB diversified its portfolio in the mid-1990's to include 75% of non-BPA preference power, SUB returned to purchasing 100% of its need from BPA and it is projected that SUB will continue to pursue the maximum amount of BPA low cost power it is entitled to under preference.

SUB's Board had the ability to select a Slice product or a Load Following product from BPA as an option under its current contract. A Slice product requires more portfolio management but allows for more flexibility when integrating resources with variable output. Load Following requires less management and is generally a good fit for customers managing flat blocks of Tier Two purchases (such as what SUB is doing). When the Board had an opportunity to select between the two, the Board was asked a key question: Does the Board consider SUB a power distribution focused utility or a utility that manages resources and power distribution? At the time, the Board determined that SUB was distribution focused. Although that determination was reached, SUB continues to evaluate a variety of resources – including energy efficiency - to meet load growth.

SUB periodically updates its Integrated Resource Plan to review load forecasts and recommendations for its power supply portfolio – including energy efficiency.

Current Direction:

- SUB will continue to pursue the maximum amount of BPA low cost power it is entitled to under preference.
- SUB has purchased a portion of Tier Two from BPA and will continue to evaluate BPA and non-BPA Tier Two options for load growth.

- SUB has purchased RECs and receives some RECs from BPA under its contract. SUB will utilize RECs for RPS compliance as well as evaluate acquisition of the contracted output from qualified renewable.
- SUB's net metering program which allows customers to install qualified renewable resources provides for sources larger than the State minimum (25 kW). This allows flexibility for industrial, commercial, and residential customers to further optimize their installation for their particular needs. However, some renewable resources generate at times that result in SUB's load profile being modified such that BPA costs increase. As a result, SUB needs to be cautious about promoting end user resources that increases SUB's wholesale BPA charges.
- SUB will continue to periodically update its Integrated Resource Plan.
- Investments are planned to optimize both maintenance and capital projects.
- Acquisition of property for facilities will be identified and pursued.
- Utility operations will evaluate industry best practices and integrate standards appropriate to SUB's unique circumstances.

Board Policy/Vision Issue:

- Does SUB's Board desire that SUB shift more aggressively toward a power resource development utility?
Direction: Not at this time.
- Does SUB's Board desire that SUB more actively promote end-user installation of renewable generation (e.g. by providing financial incentives) even though it may result in an increase in wholesale charges charged by BPA?
Direction: SUB should continue to give priority to:
 - *SUB generation for SUB system resiliency*
 - *Generation on publicly owned property (Team Springfield)*
 - *Accommodating customer requests for net metering facilities at customer locations*
 - *Evaluating community solar options*

Water

In the recent past, SUB has been focused on being a power distribution utility (with some local area network transmission). Water is different. SUB develops and treats water sources, distributes water, and provides upper level pumping and storage. Forecasts are updated to bring planned sources online to meet current and future demand. SUB has three water systems and continues to develop transmission ties between the systems. SUB has relationships with neighboring water systems, including Rainbow Water District, Eugene Water and Electric Board,

Glenwood Water District. SUB is required to manage programs such as backflow prevention within its service area.

In the past, there have been discussions about creating broader relationships with water utilities to create a regional water utility. However, there are some structural differences between utilities that create challenges with water utility integration. Isolated collaborative projects are successes that SUB can weave in and out of. Consolidation of water rights and supply into a regional entity would be similar to crossing over an black hole's event horizon – once one crosses over, it is impossible (or at least very difficult) to turn back. SUB continues to work with utilities on joint projects – such as emergency intertie coordination and water quality communications.

Current Direction:

- Investments are planned to optimize both maintenance and capital projects.
- Acquisition of property for facilities will be identified and pursued.
- SUB will continue to manage water rights and sources to meet current and future needs.
- SUB will not plan on meeting long term water needs with 3rd Party water purchases. Short term purchase agreements have been implemented and may be pursued in periods of transition (e.g. when integrating the Glenwood area).
- SUB will continue to work with other utilities on projects while continuing to manage its own source, transmission, distribution, and storage systems.

Board Policy/Vision Issue:

- Does SUB's Board desire that SUB shift energy towards the potential creation of a regional water utility?

Direction No specific position at this time. Continue with current direction.

Telecommunications

The Service Territory discussion (above) provided an overview of SUB's system. SUB's fiber network was installed on SUB facilities to replace a 3rd party system for SUB operations that did not meet SUB's reliability standards. Most of SUB's electric and water facilities have are connected to SUB's communication network with additional connections planned. SUB manages its own lit fiber communication system. Surplus unlit fiber is leased to 3rd parties. SUB's Board has donated a portion of the fiber ring to the School District and the City for their use (that may be recalled, but there are no plans to do so). Additional requests for service by the City or School District are under SUB's rate schedule for leased fiber.

SUB has reviewed and conducted studies for providing a lit network of cable, phone, and internet services. The conclusion is that local providers have a robust network and if SUB were

to implement a lit network that it would take a number of years to recover the sunk cost of investment and maintenance – with additional revenue exposure if other providers reduce rates in response to SUB's services. One area that may be viable for end-user service is internet. While customers are "cutting the cord" for cable and telephone service, fiber to the home for internet may be a self-sustaining product.

Current Direction:

- SUB will continue with the primary focus of installing a fiber network (with attention to redundancy) to provide communications for SUB operations.
- SUB will continue to lease dark fiber to 3rd parties being mindful of the expected life of the installed network.
- If SUB were to expand services, SUB would consider appropriate notification to existing lease holders (Dark Fiber customers) in the event that new SUB's services impacted their business model.
- Retail internet services using SUB's network may be a viable option.

Board Policy/Vision Issue:

- Does SUB's Board desire that SUB move toward with a large scale lit services system for end users understanding that the community may benefit from additional competition, but that SUB may not recover the cost of a cable/internet/phone business line?

Direction: Do not pursue retail telecommunications services at this time. SUB should focus on:

- Expanding opportunities for property owners to have control over "last mile" fiber service to connect to SUB's dark fiber system.
- Seek input from the City and Chamber of Commerce on targeted opportunities for "last mile" solutions.
- Evaluation options to extend fiber conduit throughout SUB's system and the potential deferred development charge for that investment.

Gas (Natural Gas and Steam)

In the mid-1990's SUB procured gas transmission from Northwest Natural (Williams Pipeline) with the possibility of developing local natural gas-fired generation or providing distributed natural gas service. Markets shifted and natural gas generation was not pursued. Natural gas distribution was considered, but subsequent analysis of the procurement and management of the system at the time did not point toward moving in that direction. There have not been recent cost/benefit studies of SUB entering into the distributed natural gas services market.

SUB has the authority to provide steam (gas) service. Steam heating requires its own set of infrastructure and one can look at EWEB's recent exit from steam service (due to a decline in

growth) as an indication that steam heating is a niche market. In exploration of local general opportunities, SUB does consider the potential ability to use the waste heat for providing steam services (but this is not a distributed steam heat scenario – but rather for a potential use in close proximity to a generation site).

Approximately 85% of the households in Springfield are electrically heated. This peaked at around 90% in 1990 and declined as approximately 50% of new construction was natural gas heat. In Eugene, closer to 60% of the homes are electrically heated with the balance of customers being primarily heated with gas. Large users of natural gas (industrial) leverage local or regional purchasing power to secure their own contracts or conduct risk management. If SUB were to provide natural gas services, SUB would need to conduct a comprehensive business plan for not only natural gas markets and market share, but how a push in market share might impact the electric utility. Because heating load is a primary driver for peak energy use, heating source diversification may lower SUB's peak electricity demand – put the incentives to make that happen may overwhelm potential savings.

While SUB's main office staff has capabilities in place for administration and billing and other parts of the utility could be utilized, it would be expected that the provision of natural gas services would like result in a new division at SUB with management, construction, and operational personnel.

Current Direction:

- SUB will continue to evaluate local, targeted opportunities for gas service, being mindful of not only costs but the potential positive and negative impacts to the electric utility.

Board Policy/Vision Issue:

- Does SUB's Board desire that SUB move toward with a large scale natural gas distribution services system for end users?

Direction: Do not pursue gas at this time.

Reliability

For the purposes of this section, reliability covers a range of terminology (e.g. asset life extension, asset replacement, resiliency, redundancy, physical security, disaster recovery). The reason it is a stand-alone issue in the 20-Year Strategic Plan is that reliability requires investment of resources, investment requires funding, and funding puts upward pressure on rates. One can put unlimited funds toward a system to make it more reliable, but it won't make it invulnerable. Regulatory requirements place certain minimum parameters on infrastructure investment, but business plans also can point to additional investments.

SUB's approach has been to develop a plan. A plan requires studies. Those studies involve an assessment of likelihood of an event and the magnitude of the impact if an event occurred. From this, SUB can prioritize investments which often require a phased sequence of projects where one project is necessary to implement another project. A high probability, high impact

event would move a project up in the priority of SUB's capital plan, but may require a high probability, low impact project to be implemented that is necessary for the a high probability/high impact project.

Current Direction:

- SUB will continue to evaluate and prioritize projects to enhance reliability of the system.
- Staff will continue to recommend appropriate studies needed to evaluate potential gaps in reliability in SUB's system.
- Increased reliability may have a disproportionate increase in near or long term costs and steps should be taken to reassess the risks and impacts to ensure that investment is appropriately allocated.

Board Policy/Vision Issue:

- Does the Board need additional information or clarification on SUB's plans to maintain or enhance reliability?

Direction: Staff will continue to provide information to the Board on investments and operational plans regarding reliability and restoration.

One Utility / Consolidated SUB Operations

SUB has three locations: Main Office, Electric Service Center, and Water Service Center. This geographic separation was a function of the growth in SUB's operations. The Facilities Department at SUB was created to maintain and extend the life of existing facilities. Work areas have been added and opportunities to consolidate ancillary needs such as storage continue to be implemented.

For approximately the past five years, SUB has explored opportunities to consolidate to one location. A number of criteria were identified during this process, including the desire to be located within transit corridors to remain accessible to customers. Some of the benefits of consolidation would be expansion of cross functional training and coverage as well as enhancing staff interaction across divisions.

While a location may not materialize, management continues to build on the message that SUB is "One Utility" by breaking down the geographic distance through opportunities to interact with divisions on various planning, compliance, and other projects.

Current Direction:

- SUB will continue to foster the "One Utility" message to enhance appreciation and understanding of utility operations.

- Staff will evaluate potential opportunities for consolidation, construction of new facilities at existing locations, and consider building replacement as appropriate.
- Facilities will continue to be maintained and improved to extend the functionality and operational life.

Board Policy/Vision Issue:

- The push to locate a site to consolidate has slowed since the time of initial assessment. Does the Board have a desire to accelerate consolidation or is the Board comfortable with an organic - but evolving - facilities process that exists today?

Direction: Continue with current process.

Transformational Technology

Transformational Technology represents a concept rather than a specific product.

Transformational Technology is a term where a product or widespread end-user action represents a potential fundamental shift in how SUB provides services. As an example, a cost effective solar and battery storage system would lower reliance on SUB to provide wholesale power to meet retail needs. If applied on a wide scale, SUB's system would be interconnected to businesses and homes and SUB would act as an integrated battery to regulate and supply power if an individual user requires more or less power through time.

Another example could be a migration to digital vs. analog meters. Analog meters function well as meters, but like an 8-Track tape player, may be difficult to procure if manufacturers have shifted to digital meter production.

As technological change accelerates, the probability increases of a Transformational Technology occurring. SUB should be mindful of this possibility and continue to position itself to adapt to change.

Current Direction:

- SUB will continue to strive to be operational and financially flexible to adapt to Transformational Technology.
- SUB remains cautious if actively promoting a potential Transformational Technology. For example, when presented with an opportunity to invest in electric charging stations, SUB declined, in part, because other modes of vehicle fuel supply may emerge as being more widely adopted. SUB did (and does) explore installation of charging stations and electric vehicle investment for its own use. SUB continues to try to move with technology rather than being swallowed by it.

Board Policy/Vision Issue:

Direction No specific position at this time. Continue with current direction.

Regulations / Laws

Changes in standards, compliance, reporting, and other issues adopted through local policy decision makers, ordinances, state laws, federal statutes, and other actions can have lasting and costly impacts on SUB's business. SUB continues to interface with policy makers as the local, state, and federal level either directly or through advocacy groups such as the Oregon Municipal Electric Utilities Association, American Water Works Association, American Public Power Association, the Public Power Council, and others.

Like Transformational Technology, regulations and laws can create fundamental shifts in utility investment, planning, operations, and customer service.

Current Direction:

- SUB will continue to work at the local, state, and federal level to appropriately address proposed changes in regulations and laws.
- Where disagreements exist and shared understanding is not apparent, SUB will strive to continue to review and provide information in an effort to move toward common ground.

Board Policy/Vision Issue:

- *Direction: Evaluate ways to provide information to customers on impacts. Continue to engaged policymakers/legislators on issues.*

Community Collaboration

This topic was added to the original set of draft main issues in the 2015-2016 process to establish this Strategic Vision. Mission / Vision / Brand revolves around internal and external communications. Community Collaboration is a similar, but distinct topic. Community Collaboration is intended to recognize and highlight the importance of SUB infrastructure development as it integrates with other local agency plans. As an example - Springfield Public Schools, Willamalane, the City of Springfield, and SUB make up Team Springfield . Agency heads and elected officials among Team Springfield agencies regularly meet to discuss their plans with one goal being to effectively collaborate and coordinate on infrastructure needs.

Current Direction:

- SUB continues to coordinate/collaborate with Team Springfield members
- SUB is a member of the Springfield Chamber of Commerce and engages with the Chamber to evaluate trends in business needs of the community
- SUB participates in discussions related to local community planning.

Board Policy/Vision Issue:

- *Direction No specific position at this time. Continue with current direction.*

Succession Planning and Organizational Structure

While all the topics raised in this document are arguably interrelated, Succession Planning and Organizational Structure is near the end of this document because strategic direction will mesh with SUB's succession plans and structure. Larger long term strategy changes require a review of short and mid-term analysis of internal staffing gaps and a plan to address that issue.

Current Direction:

- SUB succession plan assumes the Current Direction under items identified in this Strategic Plan
- As the Strategic Plan changes, succession planning and an evolution to new changes in organizational structure will be considered.

Board Policy/Vision Issue:

Direction No specific position at this time. Continue with current direction.

Financial Management

SUB has a strong balance sheet and financial systems. Board guidance has been to operate under a "pay as you go" philosophy. SUB generally operates under this guidance, but there are times where "pay as you go" could result in stagnation. An example would be an identified need for facilities and a potential to wait for development to "go" before securing those facilities. But in order to "go" development needs assurances that infrastructure will be available to meet development requirements. Because larger projects have long lead times, such as substations, it is prudent for SUB to look for opportunities to invest and explore property and easements to construct and integrate those facilities. SUB management, with Board support, has secured properties to address these efforts.

Current Direction:

- SUB will continue to identify missing elements, such as property, to develop infrastructure and bring recommendations to the Board for investments needed to develop SUB's infrastructure.
- SUB will continue to require that developers pay to interconnect their developments into SUB's system.
- Opportunities may arise to spread the cost to individual developers over a short period of time rather than recover funds up front in limited instances (e.g. SUB's Board authorized a two to three year payback of interconnection costs for a Veteran's Hospital in Springfield – which was eventually selected to be located in Eugene).

Board Policy/Vision Issue:

Direction No specific position at this time. Continue with current direction.

Conclusion

The elements identified in this 20 Year Strategic Plan are interconnected and Board direction on the strategic plan and vision for SUB fit together to create an overall picture. The Current Direction identified in the sections are woven into the strategic thinking of management when making near and long term decisions and recommendations. Items in this document are not intended to be exhaustive and a 20 Year Strategic Plan is expected to evolve over time – particularly around the edges as items such as Transformational Technology or Regulations/Laws adjust the boundaries of SUB’s decision making framework.

