



Colville Confederated Tribes Nespelem, Washington

Tribal Utility Formation Grant
DOE Tribal Energy Program Review
Quarterly Progress Report
May 4, 2015

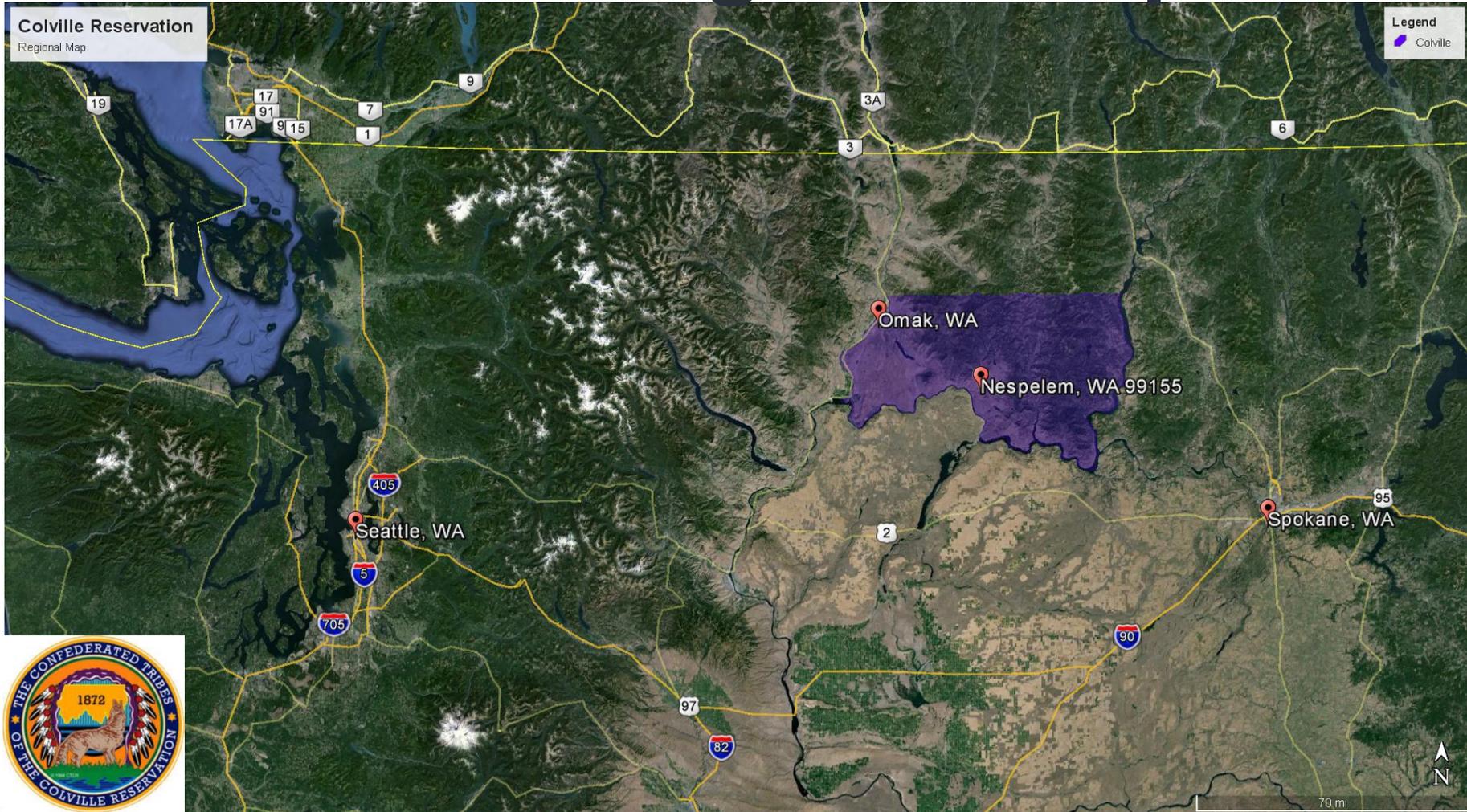
Agenda

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

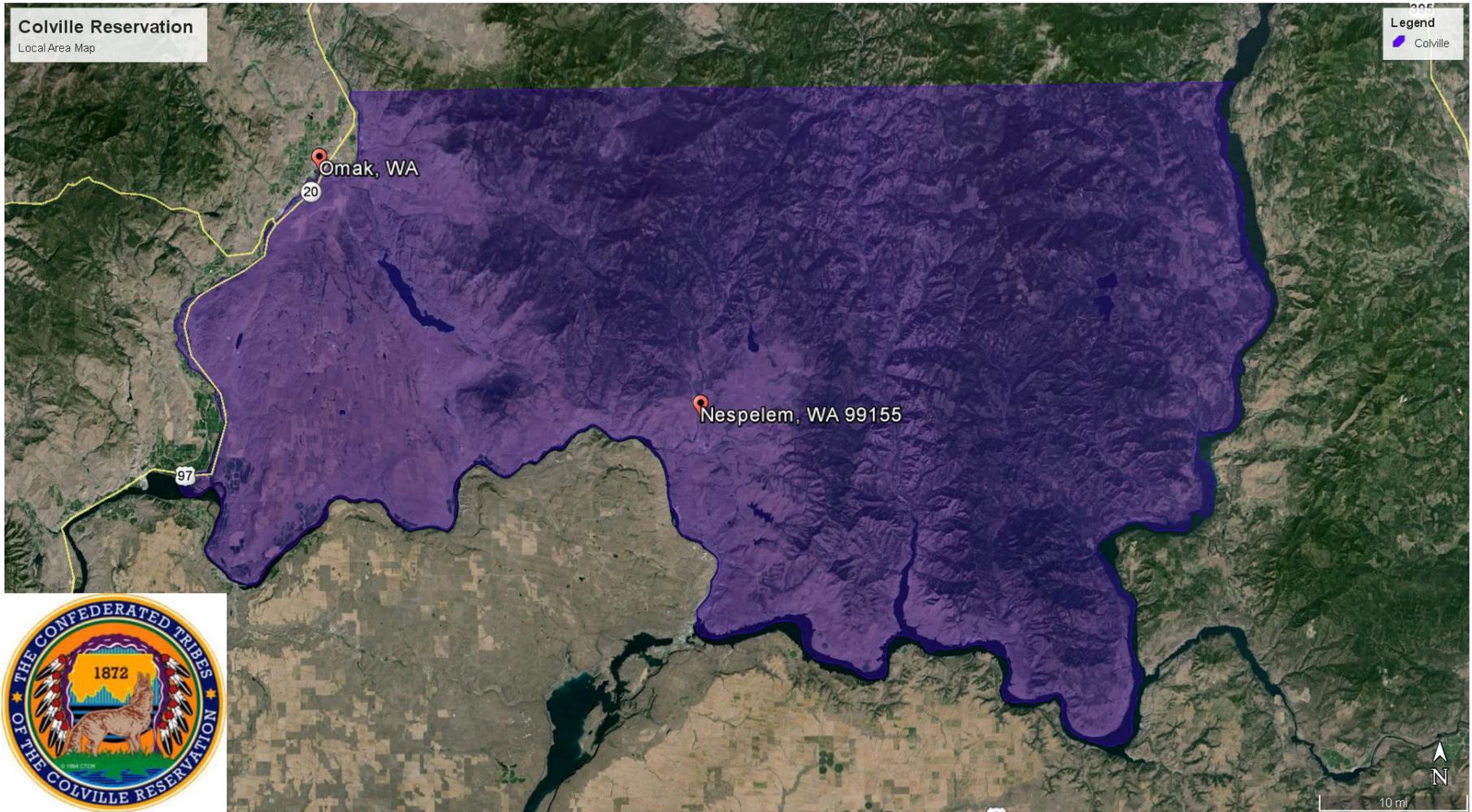
Colville Confederated Tribes Overview

- 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

Overview- Regional Map



Overview- Local Area Map



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

Task Schedule (* Assumes a 6 month no-cost extension)						
Task Number Per Statement of Work	Title or Brief Task Description	Task Completion Date				Progress Notes
		Original Planned	Revised Planned	Actual	Percent Complete	
1	Complete Existing Service Providers Cost Study	2013		1-13-13	100%	Delivered: Colville TU Task One 12-18-13 (TEP reviewing)
2	Complete System Valuation Study	2014	Q2, 2015			
3	Complete Regulatory Assessment	2014	Q2, 2015			
4	Complete Draft CTU Ordinance	2014	Q2, 2015			
5	Complete Draft CTU Business Plan	2014	Q2, 2015			
7	Initiate BPA Tier-1 Application	2014	Q3, 2015*			
8	Complete Final CTU Feasibility Report	2014	Q4, 2015*			

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

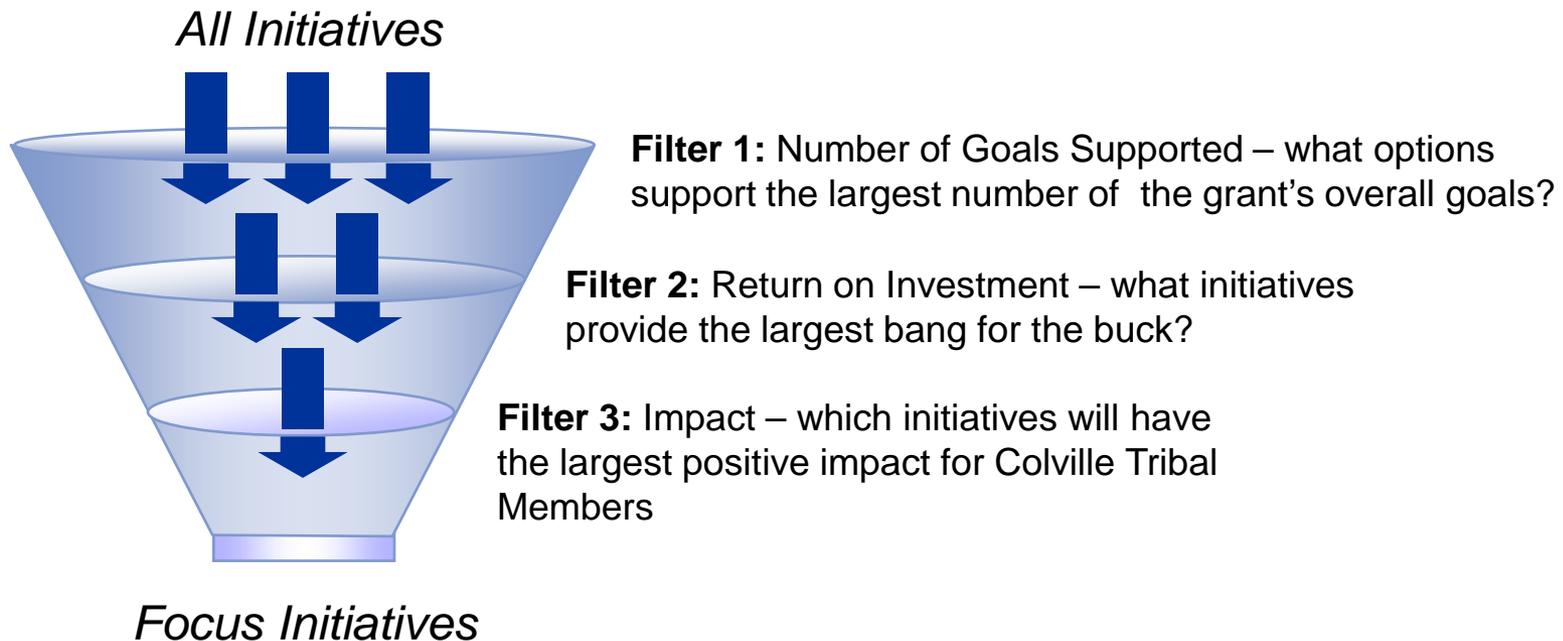
Grant Next Steps

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?

Ranking Colville's Next Steps

Avant reviewed existing options and ranked them based on a number of variables



Suggested Task Ranking

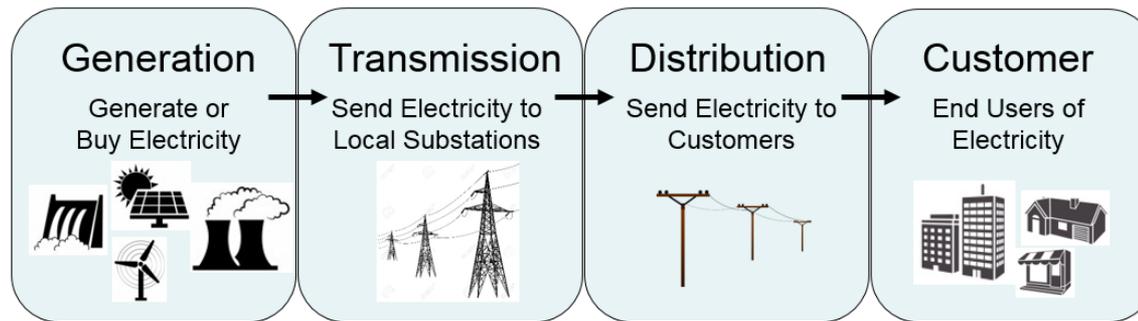
Based in ranking criteria discuss on previous slide, the following top seven initiatives were identified:

Rank	Initiative	Status
1	Detailed evaluation of a Colville-owned utility in Okanogan PUD Service Area	Begin 2015 Q2
2	Detailed evaluation of a Colville-owned utility in Avista service area	Begin 2015 Q2
3	Detailed evaluation of Ferry County PUD residential rate structure for Colville members	Begin 2015 Q2
4	Evaluate Bonneville Power Administration Tier 1 Power Supply for Colville	Begin 2015 Q2-Q3
5	Evaluation of business opportunity with Enloe Dam	Begin 2015 Q2-Q3
6	Evaluation of City of Coulee Dam rate structure for Colville members	Begin 2015 Q3
7	Targeted bill reviews for Colville Tribal customer	Begin 2015 Q3

Appendix 1: Tribal Utility Authority (TUA) Development

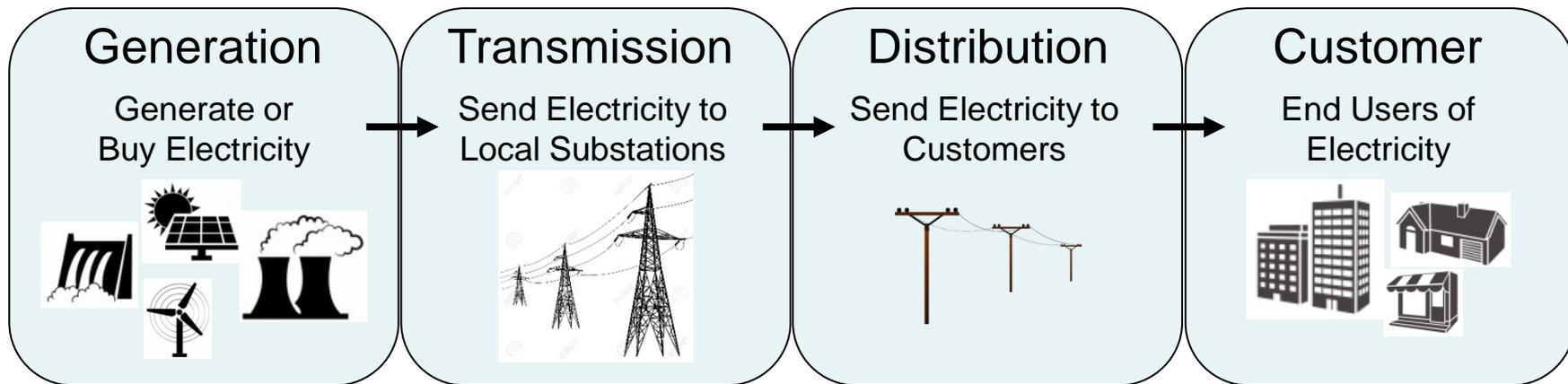
Electric Utility Industry

- Utilities deliver electricity to customers

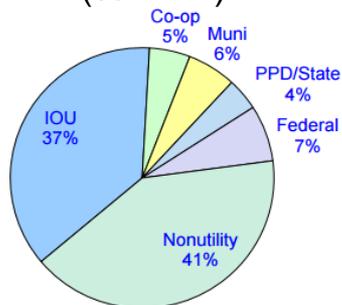


- Three main types of utilities:
 1. Investor-Owned Utilities (IOUs)
 2. Municipal Utilities
 3. Cooperative Utilities

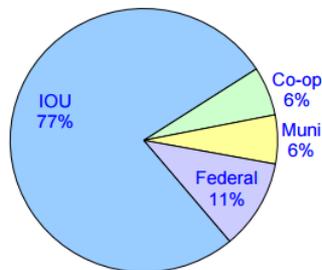
Utility Industry is Led by IOUs



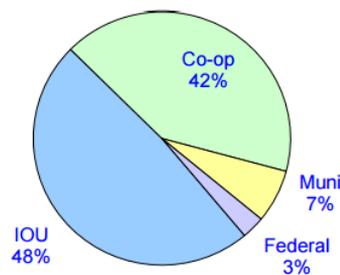
Ownership of Generation (%MWh)



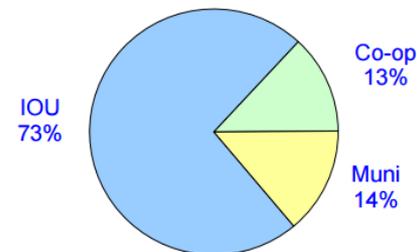
Ownership of Transmission (% of miles)



Ownership of Distribution (% of miles)



Customers Served (% of total)



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**

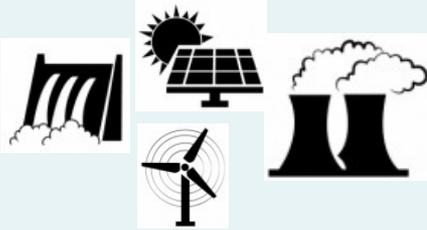
What is a Tribal Utility?

- 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

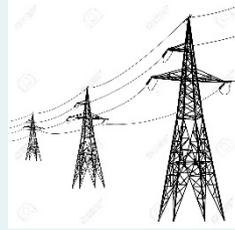
Generation

Generate or Buy Electricity



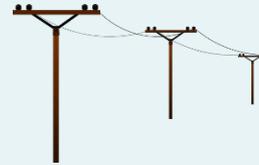
Transmission

Send Electricity to Local Substations



Distribution

Send Electricity to Customers



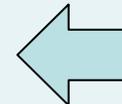
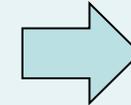
Customer

End Users of Electricity



Investor Owned Electric Utility

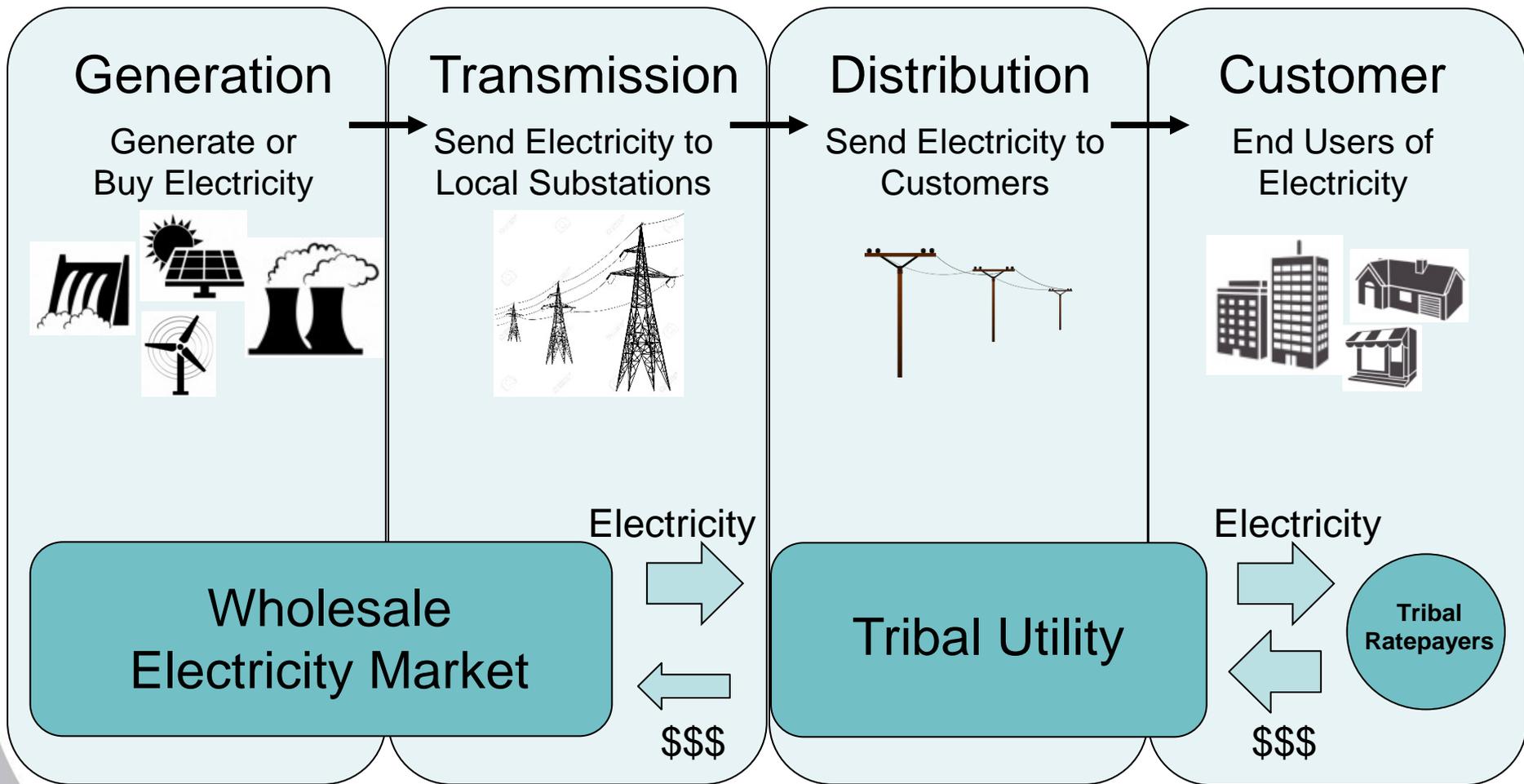
Electricity



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Tribal Ratepayers

IOU vs. Tribal Utility



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

2 Align Utility Decisions w/ Tribal Goals

IOU Goals

- 1) Please Investors → 1) Large, centralized power plants
- 2) Meet Regulations → 2) Minimum renewable generation
- 3) Please Customers → 3) Rates allocated to residential, commercial, industrial customers

IOU Decisions

Tribal Goals

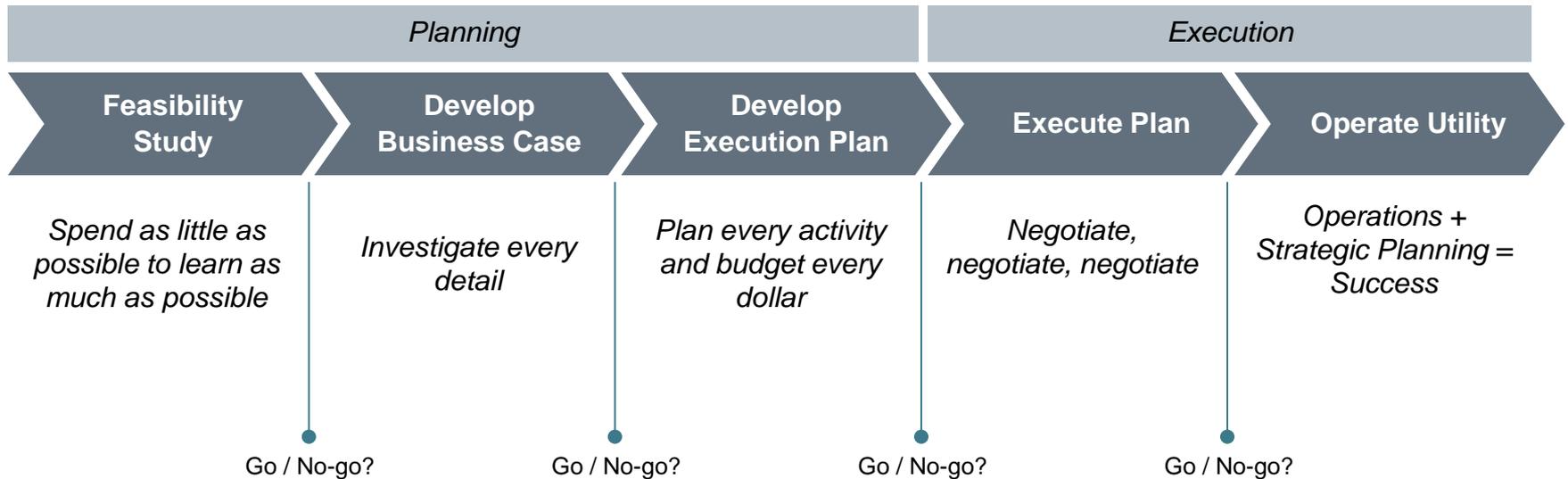
- 1) Self-reliance → 1) Distributed self-generation
- 2) Economic development → 2) Employ tribal members and keep profits on reservation
- 3) Environmental sustainability → 3) Significant renewable generation

Tribal Utility Decisions

3 Enhance Economic Development

- Turn one of tribe's largest monthly costs into a revenue opportunity
- Lower electric rates for tribal ratepayers → 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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