

On the Horizon: Excellence in Governance Brent Ridge

Vice President, Corporate Services and Chief Financial Officer,
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What We'll Discuss Today

- Energy Northwest's Excellence in Governance Model
- How to develop your own utility's Excellence in Governance Model

What is Excellence in Governance

Continually improve board and agency performance; hold each other to the highest standards of public power and the energy industry; and conduct business in a manner that best serves the interests of all Northwest ratepayers affected by the agency and agency projects.

Sets guidelines for current and future board members

EXCELLENCE in Governance

Statement of Guiding Principles  STRATEGIC, INTRUSIVE, ACCOUNTABLE LEADERSHIP

 Attributes Tier  **Board Obligations to Excellence**

O-1 Strive for Excellence	O-2 Comply with Statutory and Regulatory Duties	O-3 Set Strategic Direction and Outcomes	O-4 Fulfill Fiduciary Responsibilities
O-5 Provide Resources	O-6 Assure Effective Management	O-7 Engage and Be Accountable to Stakeholders	

 Attributes Tier  **Board Member Actions for Excellence**

A-1 Place Highest Priority on Public Health and Safety	A-2 Provide Clear, Majority Based Direction	A-3 Demonstrate Integrity and Ethical Conduct	A-4 Communicate Honestly and Directly
A-5 Be Accountable for Board Decisions	A-6 Be Fully Engaged in Board Activities	A-7 Use Resources Cost Effectively	A-8 Obtain Diverse Independent Assessments of Performance

 Attributes Tier  **Board Enableers of Excellence**

E-1 Critical Board Self Evaluation	E-2 Define Board Purpose, Policies and Procedures	E-3 Define CEO/ Board Working Relationship	E-4 Effective Performance Management	E-5 Comprehensive Board Education and Development	E-6 Periodic Facility Visits
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Guiding Principles

- Guiding Principles are positive, general principles that serve as the foundation of how the group conducts business – and leads the agency – as a governing board.
- The principles are motivational and driving traits for how the board will engage as individual members and as a board in the best interest of the agency and ratepayers.
- Energy Northwest’s statement of guiding leadership principles:
 - **“Strategic, Intrusive, Accountable, Leadership.”**

Tiers

- The Excellence in Governance Model consists of three interdependent tiers of attributes.
- For Energy Northwest, its foundation is based on the guiding principles of strategic, intrusive, accountable leadership.
- The tiers are:
 - Board Obligations to Excellence
 - Board Member Actions for Excellence
 - Board Enablers of Excellence

Tier 1 – Board Obligations to Excellence

The board's Obligations to Excellence are commitments by the board to sustain good stewardship of agency assets as public power advocates.



Tier 2 – Board Member Actions for Excellence

Members' Actions for Excellence represent individual and group excellence behaviors that significantly impact overall agency performance.

Attributes
Tier **Board Member Actions for Excellence**

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Tier 3 – Board Enablers of Excellence

The board’s Enablers of Excellence provide assurance methods to achieve predictable governance outcomes by promoting consistency in Executive Board action.



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Creating Your PUD's Excellence in Governance Model

- **Pre-Workshop Survey**
 - Utility board and management review and respond to existing sample Excellence in Governance Model
 - Gather individual input and feedback

Creating Your PUD's Excellence in Governance Model *cont'd*

- **Workshop:**
 - Create Guiding Principles
 - Utility board and management review draft Excellence Model
 - Confirm Tiers
 - Add/delete/modify attributes (as necessary)
 - Attribute definitions

Creating Your PUD's Excellence in Governance Model *cont'd*

- **Workshop:**
 - Identify highest value attributes; and attribute strengths/weaknesses
 - Complete a gap analysis on governance policy subject areas that results in alignment on policy subject priorities.

Exercise #1 – Guiding Principles

- Within the group – Review and discuss what your utilities Guiding Principles should be.

Exercise #2 – Confirm Attributes

- Review and discuss each tier of attributes on the model to:
 - Validate
 - Modify
 - Add
 - Delete

Exercise #3 – Attribute Definitions

- Assess each attribute definition.
 - Validate
 - Modify
 - Delete
- Ensure definitions accurately and clearly express the behaviors embodied by each attribute.

Exercise #4 – High value attributers

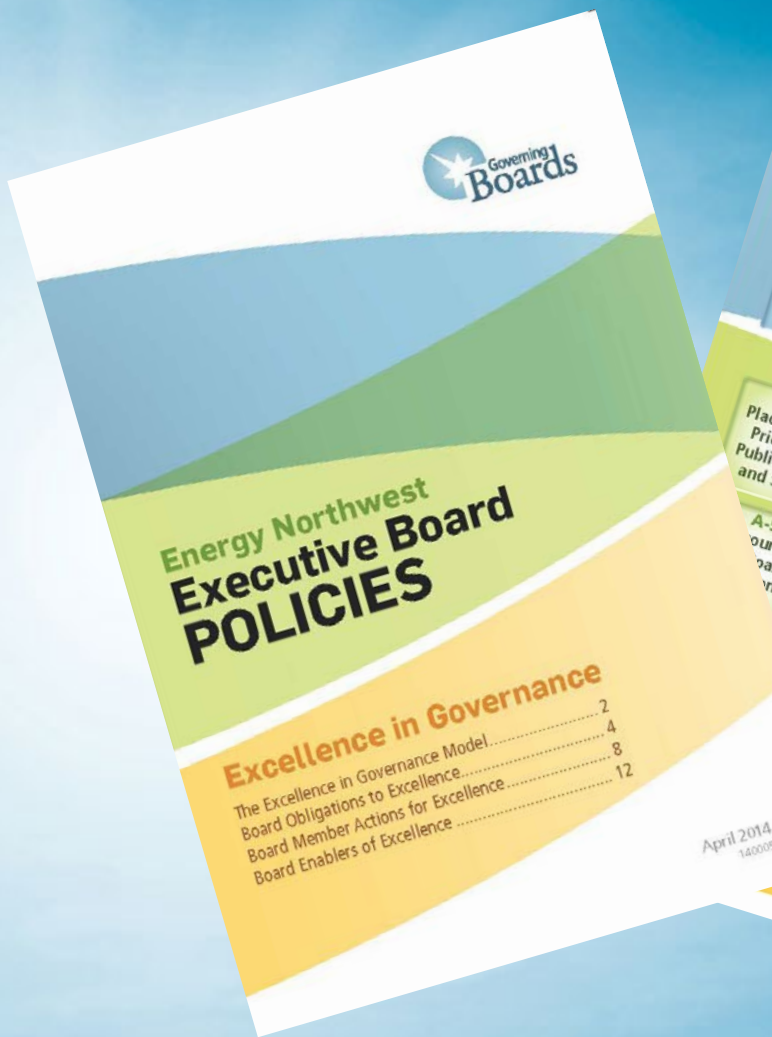
- Vote on your top most valued attributes

Exercise #5 - Strengths & Weaknesses

- **Vote: from your perspective, select:**
 - 3 top strengths
 - 3 top weaknesses (gaps)

Next Steps

- **Develop policies and procedures**
- **Implement the Excellence of Governance Model**



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- Questions

