**Adopted by Resolution 2026-07 on June 23, 2026**

# UTICA

## Water and Power Authority

# Strategic Plan

## 2026–2030

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*We are* **committed** *to* **preserving local control** *of our* **water resources** *through sound fiscal and operational management,* **rigorous dam safety** *practices, and* **regulatory compliance***, ensuring a* **safe and reliable water supply** *for* **municipal and agricultural stakeholders** *now and for* **future generations***.*

# Executive Summary

Utica Water and Power Authority (UWPA) is a Joint Powers Authority with a long and significant history of providing water conveyance and hydroelectric services to the communities of Calaveras County. UWPA's infrastructure—much of which dates back more than a century—remains critical to municipal water supply, agricultural use, public safety, and regional energy generation. This Strategic Plan establishes a clear, disciplined framework to guide UWPA's decisions over the 2026–2030 planning horizon.

The Strategic Plan is designed to address current conditions and emerging challenges, including aging infrastructure, wildfire and emergency supply risks, financial constraints, and a pivotal regulatory decision point associated with Federal Energy Regulatory Commission (FERC) oversight. Rather than treating uncertainty as a barrier to planning, the plan explicitly incorporates regulatory uncertainty through a two-scenario framework, ensuring UWPA remains compliant, operational, and financially responsible under either outcome.

The plan is anchored by seven strategic goals that define UWPA's priorities over the next five years. These goals focus on water conveyance reliability and resilience; hydroelectric asset readiness and revenue protection; compliance and risk reduction; infrastructure stewardship and modernization; financial sustainability and reserve stability; grant readiness and external funding; and organizational effectiveness and safety culture. Together, these goals establish a balanced approach that protects core services while advancing long-term system reliability and affordability.

A central feature of the Strategic Plan is the Regulatory Fork framework, which identifies two compliant regulatory paths: achievement of a FERC exemption by 2028 or continuation of full relicensing through 2033. The plan defines clear decision triggers, planning assumptions, and Board actions associated with each path, allowing UWPA to adapt capital planning, staffing, and financial strategies as regulatory outcomes become clearer.

Financial strategy is closely integrated with strategic priorities through a disciplined Capital Improvement Plan (CIP), defined reserve targets, and a selective grant strategy. The plan distinguishes between operating and maintenance baselines, capital outlay, and capital projects, and incorporates regulatory-path budget adders to transparently reflect differing cost horizons. This approach supports informed Board decision-making while maintaining affordability and fiscal resilience.

Implementation of the Strategic Plan occurs through annual budgets, the CIP, and rolling work plans. Clear accountability is established for each strategic goal, and progress is tracked using a focused Performance Measures Dashboard that emphasizes reliability, risk reduction, financial stability, grant performance, and regulatory compliance.

This Strategic Plan is intended to be a living governance document. It does not prescribe specific projects or funding levels but instead provides a policy framework that guides annual decisions and adapts to changing conditions. Through annual review and Board reaffirmation, the plan ensures UWPA remains aligned with its mission to preserve local control, operate safely and compliantly, and provide reliable water and power services for generations to come.

## SECTION 1 — UWPA HISTORY

Utica Water and Power Authority (UWPA) is a regional water and power agency with origins dating to the California Gold Rush. Its system was initially developed in the mid-19th century to support mining operations and has since evolved into a critical public water supply and hydropower infrastructure serving communities in Calaveras County.


UWPA traces its roots to the Union Water Company (UWC), formed in 1852 to deliver water from Mill Creek and Angels Creek to mining operations in Murphys and Angels Camp. By 1854, UWC expanded its system to the North Fork of the Stanislaus River and constructed high-elevation storage, including Union Reservoir (1858). Additional conveyance canals, flumes, and reservoirs were built throughout the late 1800s to support expanding mining activity.

In the 1880s, the Utica Gold Mining Company (UGMC) acquired UWC's assets and significantly expanded water storage and power generation. Lake Alpine was completed in 1889, followed by the construction of multiple powerhouses in Angels Camp and Murphys between 1895 and 1906. Utica Reservoir was completed in 1906, and the original Spicer Meadow Reservoir followed in 1929, forming the backbone of the up-country storage system.

As mining declined in the early 1900s, system use shifted toward agricultural irrigation and residential and commercial consumptive supply. A 1939 dispute regarding service obligations resulted in a settlement allowing the Calaveras Water Users Association—now Union Public Utility District (UPUD)—to purchase water from the Utica system to serve customers outside Angels Camp.

In 1946, UGMC sold the water conveyance system and powerhouses to Pacific Gas and Electric (PG&E), which operated and invested in the system for several decades. In the late 1980s, during the Federal Energy Regulatory Commission (FERC) relicensing process, a competing application by the Northern California Power Agency (NCPA) raised community concerns regarding outside control of long-held water rights. Following extensive negotiations, the Utica Power Authority was formed in 1996 as a Joint Powers Authority (JPA) consisting of the Calaveras County Water District (CCWD), UPUD, and the City of Angels Camp. The JPA acquired ownership of a 27-mile water conveyance system, five reservoirs, and two powerhouses. Under the settlement agreement, UWPA retained 60 cubic feet per second (CFS) of water rights, while NCPA received 28 CFS.

UWPA also benefits from the North Fork Stanislaus River Project, constructed in the 1980s and owned by CCWD. This project includes New Spicer Dam and Powerhouse, McKay's Dam, the Collierville Tunnel, and the Collierville Powerhouse. UWPA withdraws water from the Collierville Tunnel via a gravity-fed "Tunnel Tap" near Avery, delivering water into the Upper Utica Canal and the remaining Utica conveyance system without the need for pumping.

In 2001, the Darby Fire destroyed the system's largest wooden flume and several smaller structures, temporarily cutting off water service to more than 10,000 residents. The system was rebuilt over a 10-month period with state and federal emergency assistance. In 2003, CCWD withdrew from the JPA, leaving UPUD and the City of Angels Camp as the remaining members. In 2013, the agency was renamed Utica Water and Power Authority to reflect its primary mission: to provide a safe, reliable, and resilient water supply to the communities that depend on the Utica system, while continuing to manage legacy hydropower assets.

## 1.2 Governance and operations

UWPA is governed by a five-member Board of Directors (Board). The Board is comprised of two City of Angels Camp Council Members, two Union Public Utility District Directors, and one Public Member appointed by the other four members. Each entity has an alternate to fill-in if an appointed member is scheduled to be absent, as well as an appointed alternate Public Member.

## 1.3 Statement on Strategic, Master, and Capital Improvement Plans and Their Role in Annual Budgeting

A Strategic Plan, Master Plan, and Capital Improvement Plan (CIP) serve distinct but interdependent roles in organizational and community governance. Together, they form an integrated planning and budgeting framework that aligns long-term vision with annual decision-making and fiscal accountability.

The Strategic Plan establishes the why and what. It defines the organization's mission, vision, core values, and strategic priorities, typically over a three- to five-year horizon. The Strategic Plan sets policy direction, desired outcomes, and performance objectives, providing the foundational guidance for all subsequent planning and budgeting decisions.

The Master Plan translates the strategic vision into the how and where. It provides a comprehensive, long-range framework often spanning 10 to 20 years that identifies future service levels, facility needs, infrastructure requirements, and operational capacities. The Master Plan ensures that growth, development, and service delivery are aligned with the goals and priorities established in the Strategic Plan.

The Capital Improvement Plan (CIP) operationalizes these priorities through the when and with what resources. The CIP is a multi-year, fiscally constrained plan typically five to ten years that identifies, prioritizes, schedules, and funds specific capital investments such as facilities, equipment, and infrastructure. Each project included in the CIP should directly support the objectives of the Strategic Plan and the needs identified in the Master Plan.

These plans collectively inform annual planning and budgeting. During the annual budget process:

The Strategic Plan guides policy choices and funding priorities;

The Master Plan informs operational needs, service levels, and future capacity requirements; and

The CIP determines which capital projects advance to design, construction, or procurement in the budget year.

Annual operating and capital budgets represent the one-year execution of these longer-term plans, translating strategic goals and planned investments into authorized expenditures, staffing, and work programs. This alignment ensures that annual budgets are not reactive or ad hoc, but instead reflect deliberate, transparent, and accountable progress toward long-term objectives.

Together, these plans create a coherent planning and budgeting hierarchy: strategy defines direction, planning defines needs, investment allocates resources, and annual budgets deliver measurable results.

# SECTION 2 — MISSION, VISION, AND VALUES

## MISSION

We are committed to preserving local control of our water resources through sound fiscal and operational management, rigorous dam safety practices, and regulatory compliance, ensuring a safe and reliable water supply for municipal and agricultural stakeholders now and for future generations.

## VISION

Utica Water and Power Authority envisions a future in which its historic water and hydroelectric systems are preserved, strengthened, and responsibly invested in to provide reliable, resilient water service and clean energy for generations to come.

## VALUES

### U — Upholding Public Trust

UWPA operates essential water conveyance and hydroelectric infrastructure in trust for the public. Decisions are guided by transparency, accountability, and a responsibility to protect public safety, environmental resources, and the long-term interests of member agencies and the community we serve.

### T — Thoughtful Stewardship

UWPA stewards historic water rights, dams, and infrastructure with a long-term perspective. Stewardship requires balancing current service needs with responsible investment, risk reduction, and preservation of assets for future generations.

### I — Integrity in Compliance

Regulatory compliance is a core value of UWPA. The Authority practices responsible self-compliance by maintaining rigorous internal standards and proactively addressing regulatory obligations

### C — Commitment to Dam Safety

UWPA treats dam safety as a core responsibility and a central element of public protection. Planning, operations, and capital investment decisions prioritize the safe performance, monitoring, and maintenance of dams and associated facilities to minimize risk to downstream communities, personnel, and the environment.

### A — Accountability

UWPA practices responsible regulation and compliance by maintaining rigorous internal standards, proactively addressing regulatory obligations, and integrating compliance considerations into planning, operations, and capital investment decisions.

## How to Use This Strategic Plan

This Strategic Plan is intended to serve as a practical governance and management tool that guides UWPA's decision-making over the five-year planning horizon. It provides a shared framework for the Board of Directors, member agencies, and staff to align priorities, manage risk, and make informed choices under both stable and uncertain conditions.

### How the Plan Should Be Used

The Strategic Plan is designed to guide, but not replace, UWPA's established planning and decision-making processes:

• Capital Improvement Plan (CIP) Adoption: The Strategic Plan establishes the strategic priorities and risk framework that inform the development, prioritization, and annual adoption of the CIP. CIP projects and funding levels remain subject to Board approval and annual review.

• Annual Budget Decisions: The Strategic Plan provides context for budget development by identifying long-term priorities, financial constraints, and scenario-based regulatory considerations. Annual budgets translate strategic direction into near-term financial commitments while preserving Board discretion.

• Regulatory Responses: The Strategic Plan frames UWPA's approach to regulatory uncertainty, including the FERC exemption and relicensing pathways. It supports consistent, compliant responses to regulatory requirements while allowing flexibility as conditions and timelines evolve.

### What the Plan Does Not Do

This Strategic Plan does not prescribe specific projects, funding amounts, or staffing actions. It does not replace the CIP, annual budget, or regulatory filings, nor does it eliminate the need for future Board deliberation. Instead, it establishes guardrails and priorities within which those decisions are made.

### Annual Review and Refresh

The Strategic Plan is intended to be a living document. Progress toward strategic goals will be reviewed annually in conjunction with the budget and CIP adoption process. Based on performance results, financial conditions, regulatory developments, and Board direction, the plan may be reaffirmed, adjusted, or refined to ensure continued relevance and effectiveness.

## Plan Governance and Amendment

This Strategic Plan establishes UWPA’s long-term priorities and decision-making framework but is intended to remain adaptable as conditions, regulations, and organizational needs evolve. Clear governance and amendment provisions ensure the plan remains a useful, living document while preserving appropriate Board authority and operational flexibility.

### Authority to Amend the Plan

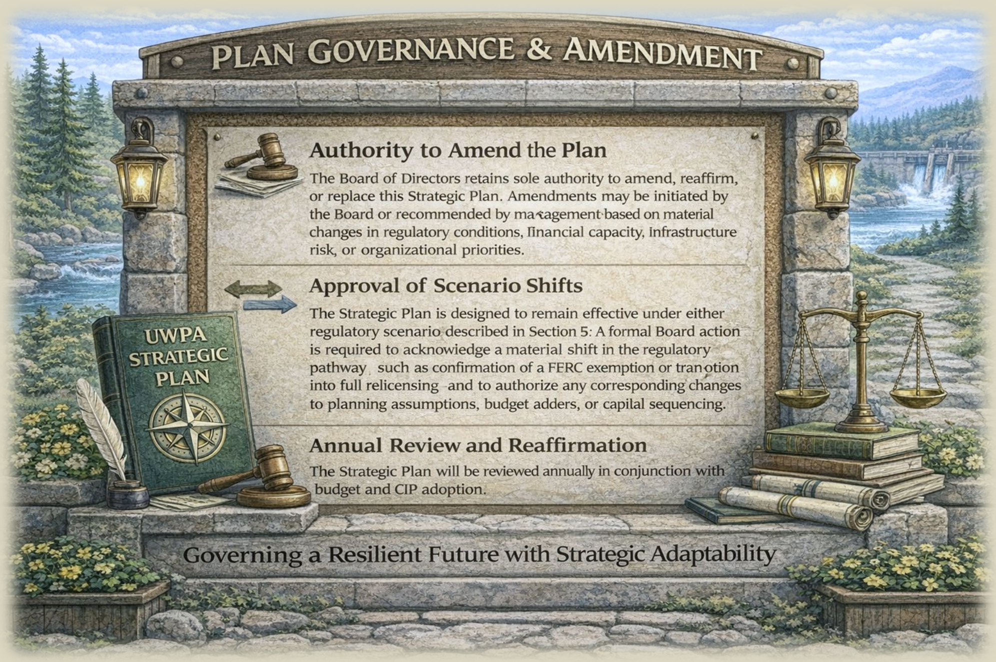
The Board of Directors retains sole authority to amend, reaffirm, or replace this Strategic Plan. Amendments may be initiated by the Board or recommended by management based on material changes in regulatory conditions, financial capacity, infrastructure risk, or organizational priorities. Minor clarifications or administrative updates that do not alter strategic direction may be incorporated during the annual review process.

### Approval of Scenario Shifts

The Strategic Plan is designed to remain effective under either regulatory scenario described in Section 5. A formal Board action is required to acknowledge a material shift in the regulatory pathway—such as confirmation of a FERC exemption or transition into full relicensing—and to authorize any corresponding changes to planning assumptions, budget adders, or capital sequencing.

### Annual Review and Reaffirmation

The Strategic Plan will be reviewed annually in conjunction with budget and CIP adoption. Following this review, the Board may reaffirm the plan, direct targeted amendments, or initiate development of a revised strategic plan to ensure continued alignment with UWPA’s mission, risk posture, and regulatory obligations.

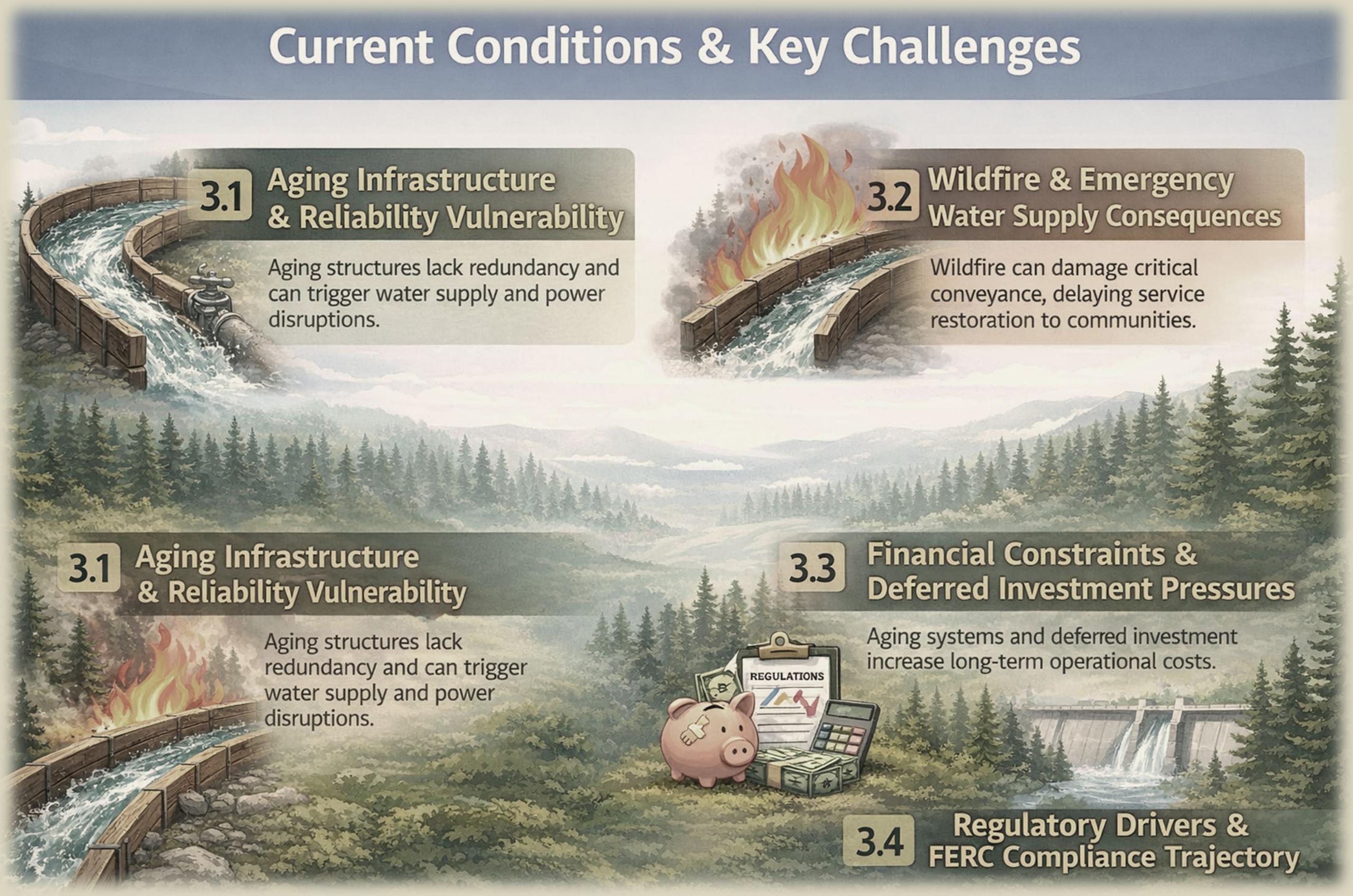


## SECTION 3 — CURRENT CONDITIONS AND KEY CHALLENGES

### 3.1 Aging Infrastructure and Reliability Vulnerability

UWPA’s water conveyance and hydroelectric systems are comprised of aging infrastructure, with many assets having been in service for several decades and some exceeding a century of continuous use. While these assets have been maintained and repaired over time, much of the system does not meet modern design, safety, or redundancy standards and has exceeded its life expectancy. As a result, the likelihood and consequence of failures increase as assets continue to age.

Reliability vulnerabilities are not limited to individual components but extend across interconnected systems where a single failure can disrupt water deliveries, power generation, or both. Deferred reinvestment, constrained access, and environmental exposure—particularly for flumes, canals, and remote facilities—further compound reliability risk. These conditions underscore the need for a structured, risk-based approach to infrastructure reinvestment rather than continued reliance on reactive repairs.




### 3.2 Wildfire and Emergency Water Supply Consequences

UWPA’s system operates in a wildfire-prone environment where prolonged drought, extreme weather, and limited access routes heighten both the probability and consequences of emergency events. Conveyance failures during wildfire or other emergencies could significantly impair the ability of member agencies to provide water for fire suppression, public safety, and essential services.

Many conveyance assets—particularly flumes and exposed canals—are vulnerable to wildfire, falling trees, debris flows, and post-fire erosion. In emergency conditions, access limitations may delay repairs and extend service outages. These risks elevate the importance of system resilience, redundancy where feasible, and advance planning to ensure that water supply reliability is maintained during high-consequence events.

### 3.3 Financial Constraints and Deferred Investment Pressures

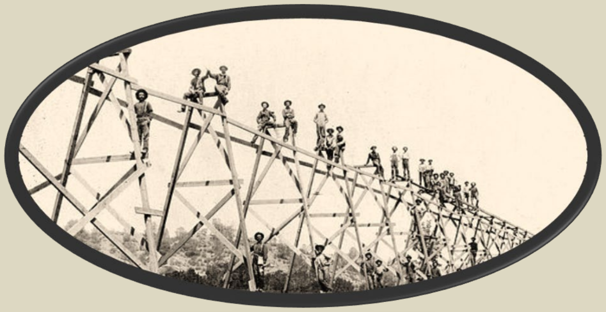
UWPA faces ongoing financial challenges driven by a combination of aging infrastructure, historic deferred maintenance, variable hydroelectric revenues, and increasing regulatory compliance costs. For many years, power generation revenues subsidized water conveyance operations and reduced member agency contributions. Changes in energy markets and rising operational and capital costs have reduced this margin and placed sustained pressure on UWPA's financial position.

Deferred capital investment has helped manage short-term affordability but has also increased long-term risk exposure. As assets continue to age, deferrals can result in higher future replacement costs, increased emergency repair expenditures, and greater service disruption. These financial constraints require careful balancing of affordability, risk reduction, and reserve stability within UWPA's long-term planning framework.

### 3.4 Regulatory Drivers and FERC Compliance Trajectory

UWPA's hydroelectric facilities are subject to significant regulatory oversight, with compliance obligations that will shape capital planning and financial commitments over the next decade. The ongoing Federal Energy Regulatory Commission (FERC) exemption or relicensing process represents a major regulatory driver, with substantial costs associated with engineering studies, environmental review, permitting, and administrative requirements.

Uncertainty regarding the ultimate regulatory pathway introduces both financial and scheduling risk. Failure to maintain compliance or meet regulatory milestones could jeopardize UWPA's ability to continue hydroelectric operations, with direct implications for revenue stability and overall system viability. As a result, regulatory readiness and proactive compliance planning are critical components of UWPA's strategic and capital investment decisions.



## SECTION 4 — STRATEGIC GOALS

### Goal 1 — Water Conveyance Reliability & Resilience

**1. Clear Outcome**
Maintain and improve the reliability, safety, and resilience of UWPA's water conveyance system to ensure uninterrupted delivery to member agencies and reduce the risk of unplanned outages, emergency repairs, and service disruptions over the five-year planning horizon.

**2. Strategic Rationale**
Reliable water conveyance is a core obligation of UWPA's joint powers mission and a critical dependency for both member agencies. Given the age and vulnerability of many conveyance assets, failure to reinvest exposes UWPA to elevated operational, public safety, regulatory, and reputational risk.

**3. Specific Scope & Boundaries**
Included: UWPA-owned conveyance assets and reliability-focused capital reinvestment.

Excluded: Member agency distribution systems; hydro facilities except where shared risk applies.

**4. Measurable Success Criteria**
Reduced unplanned outages, Tier 1 risks mitigated, current asset condition assessments, compliance readiness.

**5. Timeline & Milestones**
Years 1–2: Assessments and Tier 1 actions.

Years 3–4: Phased rehabilitation.

Year 5: Performance evaluation and next-cycle planning.

**6. Ownership & Accountability**
General Manager (accountable); Operations, Engineering, Maintenance (implementation); Board (oversight).

**7. Key Strategies / Initiatives**
Implement the CIP using the Tier framework, risk-based prioritization, asset management, and phased delivery.

**8. Resources & Capacity**
Board-authorized capital funding, staff resources, consultants, grants.

**9. Risks & Mitigation**
Aging assets, wildfire, funding limits mitigated through Tier prioritization, grants, and reserves.

**10. Review & Adaptation Process**
Annual CIP/budget review; mid-plan reassessment.

## Goal 2 — Hydroelectric Asset Readiness & Revenue Protection

**1. Clear Outcome**
Maintain and enhance the operational readiness, reliability, and compliance posture of UWPA's hydroelectric assets to protect revenue generation, reduce forced outages, and preserve long-term power production capability over the five-year planning horizon.

**2. Strategic Rationale**
Hydroelectric generation provides the majority of UWPA's operating revenue and plays a critical role in funding system operations, capital reinvestment, and regulatory compliance obligations. Aging equipment, evolving regulatory requirements, and market pressures increase the risk of forced outages, revenue loss, and reduced operational flexibility. Proactive readiness and reinvestment are essential to protect UWPA's financial stability and long-term viability.

**3. Specific Scope & Boundaries**
Included: Hydroelectric powerhouses, turbines, generators, controls, substations, penstocks, monitoring systems, and compliance-related readiness activities.

Excluded: Market pricing decisions and power sales strategies beyond asset readiness and reliability.

Assumptions: Continued operation of hydro facilities under valid regulatory authorization and market participation.

**4. Measurable Success Criteria**
Reduced forced outage frequency and duration, improved unit availability, completion of Tier 1 and Tier 2 hydro projects, compliance milestone achievement, and stabilization or improvement of net power generation revenue.

**5. Timeline & Milestones**
Years 1–2: Address high-risk equipment, advance compliance readiness, refine condition assessments.

Years 3–4: Implement phased rehabilitation and efficiency improvements.

Year 5: Evaluate performance trends and inform next CIP and regulatory strategy.

**6. Ownership & Accountability**
Accountable Owner: General Manager.

Implementation Leads: Operations, Engineering, and Compliance staff.

Board Role: Strategic oversight, capital prioritization, and regulatory policy direction.

### 7. Key Strategies / Initiatives
Implement the CIP using the Tier framework, prioritize forced-outage risk reduction, align outage planning with revenue protection, advance monitoring and control systems, and integrate regulatory readiness with capital planning.

### 8. Resources & Capacity
Board-authorized capital funding, operations and engineering staff, specialized consultants, contractors, and external funding where eligible.

### 9. Risks & Mitigation
Key risks include equipment failure, regulatory delays, and revenue volatility. Mitigation includes Tier 1 prioritization, phased reinvestment, redundancy where feasible, and proactive regulatory engagement.

### 10. Review & Adaptation Process
Annual review through the CIP and budget process, tracking of outage and revenue metrics, and mid-plan reassessment to adjust priorities based on regulatory, operational, or market changes.

## Goal 3 — Compliance and Risk Reduction

### 1. Clear Outcome
Achieve and maintain a strong compliance posture while systematically reducing regulatory, safety, operational, and financial risk exposure across UWPA's water conveyance and hydroelectric systems over the five-year planning horizon.

### 2. Strategic Rationale
UWPA operates complex and aging infrastructure subject to extensive regulatory oversight, including water, dam safety, workplace safety, and hydroelectric authorization requirements. Noncompliance or unmanaged risk can result in service disruption, financial penalties, increased costs, loss of operating authority, or public safety impacts. A proactive, structured approach to compliance and risk reduction protects UWPA's mission, finances, and credibility with regulators, member agencies, and the public.

### 3. Specific Scope & Boundaries
Included: Regulatory compliance obligations (e.g., FERC, dam safety, OSHA, environmental requirements), risk identification and tracking, corrective actions, and integration with capital planning.
Excluded: Day-to-day operational procedures not directly tied to compliance or risk mitigation.
Assumptions: Regulatory requirements will evolve and may increase in complexity and cost.

### 4. Measurable Success Criteria
Timely completion of required regulatory filings and corrective actions, reduction in the number of unresolved Tier 1 risks, successful inspections with minimal findings, avoidance of penalties or enforcement actions, and documented risk mitigation progress.

### 5. Timeline & Milestones
Years 1–2: Confirm compliance obligations, maintain risk register, address high-priority corrective actions.
Years 3–4: Implement phased compliance-driven capital and operational improvements.
Year 5: Evaluate compliance outcomes and update risk framework for the next planning cycle.

**6. Ownership & Accountability**
Accountable Owner: General Manager.
Implementation Leads: Operations, Engineering, and Compliance staff.
Board Role: Policy oversight, risk tolerance guidance, and review of compliance status.

**7. Key Strategies / Initiatives**
Maintain a Tier 1 Risk Register, integrate compliance requirements into the CIP, pursue early regulator engagement, bundle corrective actions with capital projects where feasible, and apply a risk-based prioritization framework to decision-making.

**8. Resources & Capacity**
Dedicated staff time for compliance management, consultant and legal support as needed, capital funding authorized through the CIP, and reserves to address emergent compliance-driven needs.

**9. Risks & Mitigation**
Key risks include regulatory changes, inspection findings, and funding constraints. Mitigation includes proactive planning, phased investment, early corrective action, and transparent Board reporting.

**10. Review & Adaptation Process**
Ongoing monitoring with annual Board reporting, integration into the budget and CIP update cycle, and periodic reassessment of risk exposure and compliance readiness.

## Goal 4 — Infrastructure Stewardship & System Modernization

**1. Clear Outcome**
Sustain, rehabilitate, and modernize UWPA's critical infrastructure to ensure long-term system reliability, safety, and operational effectiveness across water conveyance and hydroelectric facilities.

**2. Strategic Rationale**
UWPA's infrastructure portfolio includes assets that are decades—and in some cases more than a century—old. These facilities are essential to water delivery, power generation, and public safety, yet many do not meet modern design, safety, or operational standards. Proactive infrastructure stewardship and modernization reduce failure risk, improve performance, and support compliance, financial stability, and service continuity.

**3. Specific Scope & Boundaries**
Included: Physical infrastructure assets such as canals, flumes, pipelines, reservoirs, penstocks, powerhouses, mechanical and electrical systems, and supporting facilities.
Excluded: Non-infrastructure organizational processes except where directly tied to system performance.
Assumptions: Infrastructure reinvestment will be phased and prioritized based on risk, condition, and funding capacity.

**4. Measurable Success Criteria**
Reduction in infrastructure-related failures and emergency repairs, completion of prioritized rehabilitation and replacement projects, improved system performance indicators, and extended useful life of critical assets.

**5. Timeline & Milestones**
Years 1–2: Address highest-risk infrastructure deficiencies and advance priority rehabilitation projects.
Years 3–4: Implement phased modernization and system upgrades.
Year 5: Evaluate infrastructure condition trends and inform the next capital and strategic planning cycle.

**6. Ownership & Accountability**
Accountable Owner: General Manager.
Implementation Leads: Operations, Engineering, and Maintenance staff.
Board Role: Strategic direction, capital prioritization, and oversight of infrastructure investment decisions.

**7. Key Strategies / Initiatives**
Implement the CIP using risk-based prioritization, bundle and phase projects for efficiency, incorporate modern design and safety standards into upgrades, and coordinate infrastructure work to minimize service disruptions.

**8. Resources & Capacity**
Capital funding authorized through the CIP, skilled operations and maintenance staff, engineering and construction consultants, and external funding sources where available.

**9. Risks & Mitigation**
Key risks include aging asset failure, access and environmental constraints, and funding limitations. Mitigation includes Tier 1 prioritization, phased delivery, early permitting coordination, and contingency planning.

**10. Review & Adaptation Process**
Annual review through the CIP and budget process, monitoring of infrastructure condition and performance trends, and periodic Board updates on system reinvestment progress.

## Goal 5 — Financial Sustainability & Reserve Stability

**1. Clear Outcome**
Maintain UWPA's long-term financial sustainability by balancing operating costs, capital investment needs, and reserve levels in a manner that supports reliable service delivery, regulatory compliance, and prudent risk management.

**2. Strategic Rationale**
UWPA faces sustained financial pressure from aging infrastructure, deferred maintenance, regulatory obligations, and variable hydroelectric revenues. Without a deliberate financial strategy, the Authority risks erosion of reserves, increased exposure to emergency costs, and reduced flexibility to respond to failures or compliance requirements. Strengthening financial sustainability and reserve stability ensures UWPA can meet near-term obligations while responsibly planning for long-term system needs.

**3. Specific Scope & Boundaries**
Included: Operating and capital financial planning, reserve policies and targets, funding options evaluation, and integration of financial considerations into CIP decision-making.
Excluded: Short-term market pricing decisions or power sales strategies not directly tied to financial stability.
Assumptions: Revenue volatility will continue, and regulatory and capital cost demands will remain significant over the planning horizon.

**4. Measurable Success Criteria**
Maintenance of reserve balances within Board-established targets, reduced reliance on emergency reserve draws, predictable funding of Tier 1 priorities, transparent presentation of funding options, and improved alignment between financial plans and actual expenditures.

**5. Timeline & Milestones**
Years 1–2: Confirm reserve targets and integrate financial assumptions into the CIP and budget process.
Years 3–4: Adjust funding strategies based on performance, revenue trends, and capital delivery pace.
Year 5: Evaluate long-term financial position and inform next planning cycle.

**6. Ownership & Accountability**
Accountable Owner: General Manager.
Implementation Leads: Finance staff and executive leadership.
Board Role: Establish financial policy, approve budgets and CIP funding options, and set risk tolerance related to reserves.

**7. Key Strategies / Initiatives**
Apply integrated financial planning that links operations, capital, and reserves; evaluate funding options transparently; phase investments to manage affordability; and pursue grants or external funding to reduce member agency burden where feasible.

**8. Resources & Capacity**
Financial management staff, budgeting and forecasting tools, consultant support as needed, and Board-approved funding mechanisms.

**9. Risks & Mitigation**
Key risks include revenue volatility, cost escalation, and reserve depletion. Mitigation includes conservative forecasting, phased capital delivery, maintenance of reserve targets, and regular Board review of financial performance.

**10. Review & Adaptation Process**
Annual review through the budget and CIP adoption process, monitoring of reserve and expenditure trends, and adjustment of financial strategies based on actual performance and emerging risks.

## Goal 6 — Grant Readiness & External Funding

**1. Clear Outcome**
Strengthen UWPA's ability to secure external funding by maintaining a high level of grant readiness, positioning priority projects competitively, and integrating grants and other outside funding sources into capital and financial planning.

**2. Strategic Rationale**
Given the scale of UWPA's infrastructure needs and the financial constraints facing the Authority and its member agencies, external funding is a critical tool for accelerating risk reduction, improving affordability, and advancing high-priority projects. Proactive grant readiness reduces missed opportunities, improves competitiveness, and ensures that outside funding complements—rather than disrupts—UWPA's capital and operational plans.

**3. Specific Scope & Boundaries**
Included: Grant readiness planning, identification of competitive projects, benefit narrative development, coordination of environmental and permitting readiness, and management of awarded funds.
Excluded: Pursuit of funding that creates unsustainable long-term obligations or conflicts with UWPA's strategic priorities.
Assumptions: Grant availability will fluctuate and competition will remain high.

#### 4. Measurable Success Criteria
Number of grant-ready projects maintained, grant applications submitted, grant dollars awarded, alignment of funded projects with Tier 1 and Tier 2 priorities, and successful compliance with grant reporting and closeout requirements.

#### 5. Timeline & Milestones
Years 1–2: Maintain a rolling list of grant-ready projects and standard readiness materials.
Years 3–4: Secure external funding for priority infrastructure and technology projects.
Year 5: Evaluate grant effectiveness and refine readiness strategy for the next planning cycle.

#### 6. Ownership & Accountability
Accountable Owner: General Manager.
Implementation Leads: Executive leadership, engineering, finance, and administrative staff.
Board Role: Policy direction on funding strategy, acceptance of match commitments, and oversight of major awards.

#### 7. Key Strategies / Initiatives
Maintain a grant readiness plan aligned with the CIP, advance design and permitting for competitive projects, quantify public benefits and risk reduction outcomes, coordinate matching fund strategies, and track application calendars and deadlines.

#### 8. Resources & Capacity
Staff time for grant development and management, consultant support where cost-effective, internal coordination across departments, and financial capacity to meet match or compliance requirements.

#### 9. Risks & Mitigation
Key risks include staff capacity constraints, unsuccessful applications, and compliance burdens. Mitigation includes selective pursuit of high-probability opportunities, standardized materials, phased commitments, and clear internal ownership.

#### 10. Review & Adaptation Process
Annual review through the CIP and budget process, reporting to the Board on grant activity and outcomes, and adjustment of strategies based on funding trends and program performance.

### Goal 7 — Organizational Effectiveness & Safety Culture

#### 1. Clear Outcome
Strengthen UWPA’s organizational effectiveness by fostering a strong safety culture, clear accountability, effective internal coordination, and a work environment that supports reliable operations, risk reduction, and staff well-being.

#### 2. Strategic Rationale
UWPA operates complex, high-risk infrastructure where employee safety, operational discipline, and organizational clarity directly affect system reliability and public trust. Aging assets, regulatory demands, and limited staffing capacity increase the importance of a strong safety culture and effective organizational practices. Improving organizational effectiveness reduces the likelihood of accidents, operational errors, and inefficiencies while supporting long-term workforce sustainability.

**3. Specific Scope & Boundaries**
Included: Workplace safety practices, training, internal communication, role clarity, succession awareness, and coordination across operations, engineering, and administration.
Excluded: Individual personnel matters or labor negotiations beyond organizational policy direction.
Assumptions: Staffing levels will remain constrained, requiring efficient use of available resources.

**4. Measurable Success Criteria**
Reduction in safety incidents and near-misses, completion of required safety training, clear assignment of responsibilities for critical functions, improved coordination across departments, and positive safety and organizational feedback indicators.

**5. Timeline & Milestones**
Years 1–2: Reinforce safety training, clarify roles and responsibilities, and address identified safety gaps.
Years 3–4: Institutionalize safety and organizational best practices.
Year 5: Evaluate organizational effectiveness and safety culture maturity.

**6. Ownership & Accountability**
Accountable Owner: General Manager.
Implementation Leads: Supervisors and department lead.
Board Role: Set expectations for safety culture, receive reporting on organizational performance, and support resource needs.

**7. Key Strategies / Initiatives**
Promote a culture of safety and accountability, provide regular training, document and communicate procedures, encourage reporting of hazards and near-misses, and improve cross-functional coordination.

**8. Resources & Capacity**
Staff time for training and safety activities, safety and operational training resources, consultant support as needed, and leadership commitment to continuous improvement.

**9. Risks & Mitigation**
Key risks include staff fatigue, institutional knowledge loss, and safety complacency. Mitigation includes cross-training, documentation, leadership engagement, and continuous reinforcement of safety expectations.

**10. Review & Adaptation Process**
Regular internal reviews of safety performance, annual reporting to the Board, and periodic updates to organizational practices based on lessons learned and evolving operational needs.


Strategic Goals
Water Supply Reliability & Emergency Resilience
Enhance UWPA's water supply reliability and resilience under wildfire or extended outage conditions
Revenue Protection & Ratepayer Equity
Optimize operational efficiency and control costs while ensuring equitable investment across customer classes.
Compliance & Risk Reduction
Proactively identify and manage safety, liability, and regulatory compliance risks.
Infrastructure Investment & System Renewal
Prioritize and coordinate long-term asset reinvestment and reliability improvements.
Financial Sustainability & Reserve Stability
Achieve sustainable funding to address UWPA's Tier 1-3 priorities with appropriate reserve levels.
Grant Readiness & External Funding
Actively pursue feasible external funding to reduce local cost burden and accelerate Tier 1 projects.

## SECTION 5 — THE REGULATORY FORK (DECISION FRAMEWORK + TWO PATHS)


### 5.1 The Decision Point (Regulatory Fork)

UWPA faces a critical regulatory decision point that will shape capital planning, financial commitments, staffing needs, and risk exposure over the remainder of the strategic planning horizon and beyond. This decision point—referred to as the "regulatory fork"—centers on the future authorization pathway for UWPA's hydroelectric facilities under Federal Energy Regulatory Commission (FERC) oversight.

The regulatory fork does not represent a choice between compliance and noncompliance. Under all circumstances, UWPA is committed to remaining compliant, operational, and authorized to continue hydroelectric generation. Rather, the fork reflects two distinct but compliant regulatory outcomes, each with different timelines, cost profiles, and organizational implications.

### Scenario A — FERC Exemption Achieved (Target Outcome: 2028)

Under Scenario A, UWPA successfully completes the FERC exemption process by approximately 2028. This outcome would shorten the overall regulatory timeline, reduce long-term administrative and consultant costs, and allow the Authority to shift focus more rapidly toward system reinvestment and operational optimization.

While the exemption pathway still requires significant near-term effort—including studies, documentation, agency coordination, and regulatory review—the total duration and cumulative cost exposure are expected to be lower than under full relicensing. Achieving an exemption would improve planning certainty, reduce extended regulatory overhead, and potentially ease long-term pressure on operating budgets and reserves.

### Scenario B — Full FERC Relicensing (Target Outcome: 2033)

Under Scenario B, UWPA proceeds through the full FERC relicensing process, with completion anticipated around 2033. This pathway entails a longer regulatory horizon, higher cumulative costs, and sustained reliance on engineering, environmental, legal, and administrative consultants over an extended period.

A full relicensing process increases complexity and requires ongoing coordination with multiple agencies, expanded environmental review, and prolonged documentation and reporting obligations. While this path remains fully compliant and preserves long-term operating authority, it extends regulatory risk exposure and places continued pressure on staffing capacity, cash flow, and reserve planning.

### Why the Regulatory Fork Matters

The regulatory fork materially affects UWPA's strategic planning assumptions in several key areas:

• Cost Horizon: The duration and total cost of regulatory compliance varies significantly between the two

scenarios, affecting long-term financial projections.
• Compliance Urgency: Each pathway imposes different near-term and long-term milestone pressures that influence project sequencing and staffing priorities.
• Staffing and Consultant Needs: A longer regulatory pathway requires sustained internal and external resource commitments.
• Cash Flow and Reserve Impacts: Extended compliance timelines increase cumulative costs and may require greater reliance on reserves or funding adjustments.

Understanding these differences allows the Board and management to make informed, flexible decisions that balance risk, affordability, and long-term system viability.

### Planning Assumption

For purposes of this Strategic Plan, UWPA assumes that it will remain compliant, authorized, and operational under either regulatory outcome. Capital planning, financial strategies, and organizational priorities are therefore designed to remain adaptable, allowing UWPA to respond effectively as the regulatory pathway becomes clearer while continuing to meet all applicable obligations.

## REGULATORY DECISION TRIGGER – STRATEGY SHIFT FRAMEWORK

| TRIGGER EVENT | EVIDENCE / MILESTONE | UWPA ACTION |
|---|---|---|
| **Exemption Approval Milestone Reached** | **Formal FERC exemption approval or milestone determination letter** | **Shift to Scenario A: Post-2028 Exemption Strategy (Revised capital scope and funding profile)** |
| **Exemption Denied or Materially Delayed** | **Formal denial, withdrawal, or extended regulatory timeline** | **Shift to Scenario B: Relicensing Planning and Funding Path (Expanded compliance scope)** |
| **New Compliance Conditions Added** | **Updated FERC requirements, additional studies, or modified obligations** | **Update CIP priorities, schedules, and budget adders (Board review and approval)** |

*Figure: Decision triggers that activate a shift between UWPA regulatory planning scenarios. This framework allows the Capital Improvement Plan to remain flexible while maintaining regulatory compliance readiness and fiscal discipline.*

### 5.2 Scenario A — Strategic Path if Exemption is Successful (2028)

1. Strategic Focus (2026–2028): fast-track exemption support work; maintain minimum compliance readiness; prioritize reliability + safety + revenue protection

2. Post-Exemption Operating Strategy (2028–2030+): step-down in regulatory effort; redirect capacity to highest-risk infrastructure renewal and resiliency

3. Capital Strategy: emphasize conveyance reliability + wildfire resilience; hydro improvements that protect revenue and operational safety

4. Financial Strategy: reserve stabilization plan; member contribution smoothing after 2028; increase focus on infrastructure renewal grants

5. KPIs: exemption achieved by target date; regulatory spend reduced after 2028; reliability improvements (Tier 1 risks mitigated/outages reduced)

### 5.3 Scenario B — Strategic Path if Relicensing Continues to 2033

1. Strategic Focus (2026–2033): plan for long-range compliance workload, studies, environmental and legal/admin costs

2. Compliance Readiness Roadmap: build a detailed compliance timeline and work program appendix

3. Capital Strategy: elevate hydro/compliance-driven upgrades; schedule outages strategically; maintain Tier 1 compliance priorities

4. Financial Strategy: dedicated relicensing/exemption reserve target; predictable annual contributions; grant/loan strategy; sustained staffing/consultant plan

5. KPIs: regulatory milestones met; annual funding targets met; compliance risk events avoided; stable reserves through cost horizon

## SECTION 6 — IMPLEMENTATION PLAN (BOTH SCENARIOS)

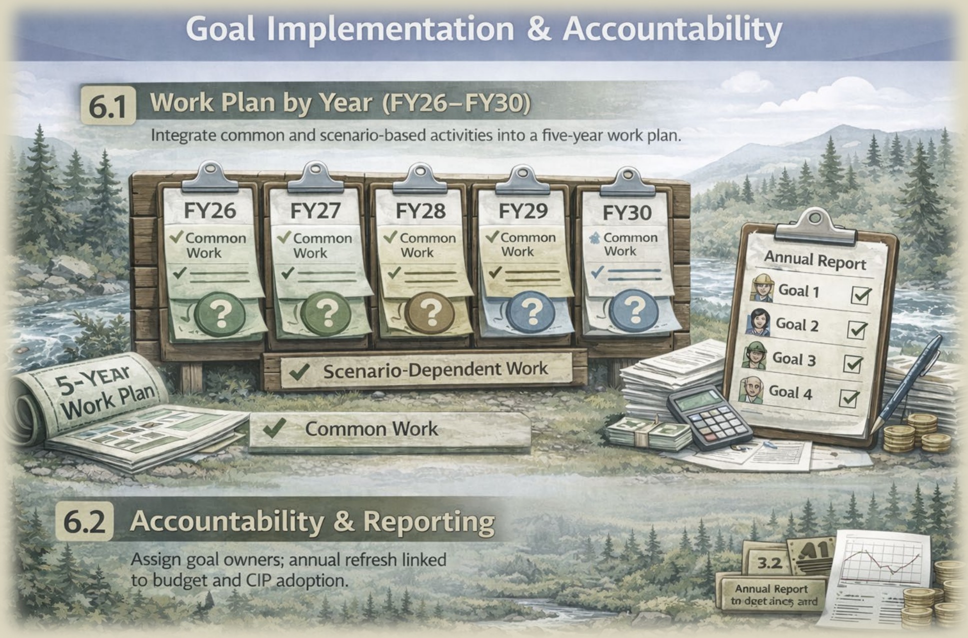
### 6.1 Work Plan by Year (FY26–FY30)

Implementation of this Strategic Plan will occur through a rolling, multi-year work plan covering Fiscal Years 2026 through 2030. The work plan is designed to remain effective under both regulatory scenarios described in Section 5, distinguishing between common work required under either pathway and scenario-dependent work that will be adjusted as the regulatory trajectory becomes clearer.

Common work includes activities that advance UWPA's core mission regardless of regulatory outcome, such as water conveyance reliability improvements, hydroelectric asset readiness, compliance maintenance, asset management practices, grant readiness, and organizational effectiveness initiatives. These efforts are expected to proceed across the full planning horizon and are reflected in annual budgets and the Capital Improvement Plan (CIP).

Scenario-dependent work includes regulatory-driven studies, permitting, consultant support, and capital sequencing that differ between the FERC exemption and full relicensing pathways. These activities will be planned and budgeted using scenario-based assumptions and regulatory-path adders, allowing UWPA to remain compliant and operational while preserving flexibility to adjust scope, timing, and funding commitments as regulatory milestones are reached.

## 6.2 Accountability and Reporting




Clear accountability and transparent reporting are essential to successful implementation of this Strategic Plan. Each strategic goal is assigned an accountable owner at the management level, responsible for coordinating implementation, tracking progress, and identifying emerging risks or needed adjustments. Supporting staff and external resources will be aligned to these goals through annual work plans and budget allocations.

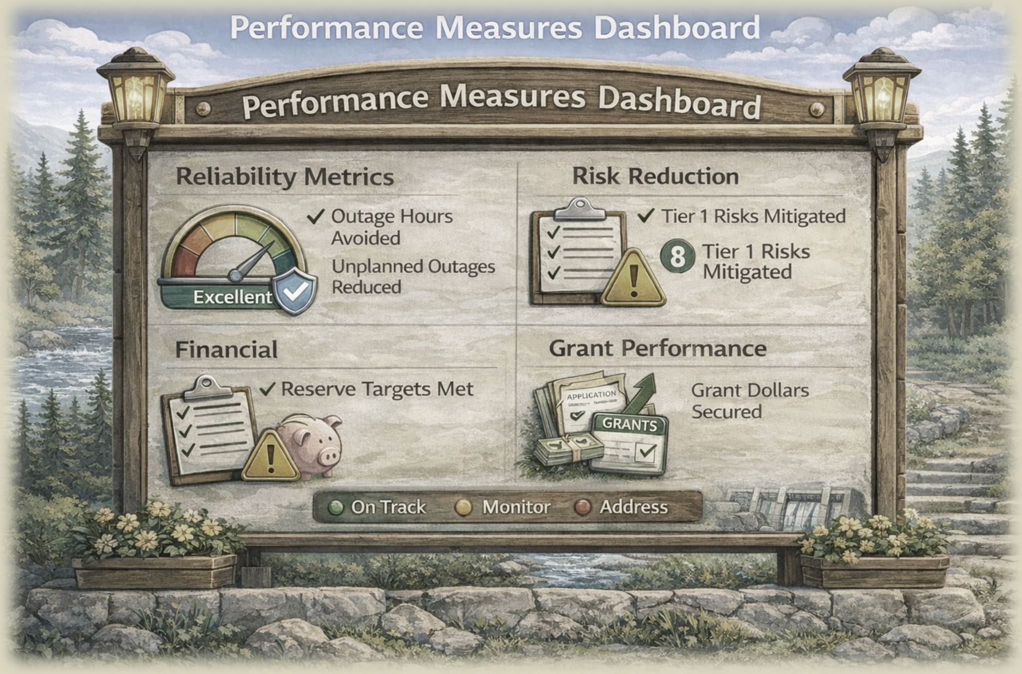
Progress toward strategic goals will be reviewed and reported to the Board on a regular basis, with formal updates incorporated into the annual budget and CIP adoption process. This annual refresh provides an opportunity to evaluate progress, reassess priorities, and adjust implementation strategies based on system performance, financial conditions, regulatory developments, and Board direction.

This implementation framework ensures that the Strategic Plan remains a living document—actively guiding decisions rather than serving as a static reference—while preserving Board oversight and adaptability under both regulatory scenarios.

## SECTION 7 — PERFORMANCE MEASURES DASHBOARD

### Purpose of the Dashboard

The Performance Measures Dashboard provides a concise, consistent framework for tracking progress toward UWPA's strategic goals. The dashboard is designed to support Board oversight, management accountability, and transparent decision-making by focusing on a limited set of outcome-oriented metrics tied directly to reliability, risk reduction, financial stability, external funding performance, and regulatory compliance.




Metrics will be reviewed and refreshed annually in conjunction with the budget and CIP adoption process to ensure continued relevance and alignment with UWPA's strategic priorities.

### Reliability Metrics

Reliability performance will be measured using indicators that reflect system stability and operational effectiveness, including:

• Outage hours avoided through planned reinvestment and maintenance activities
• Reduction in unplanned outages affecting water conveyance or power generation

These metrics provide insight into whether capital and operational investments are successfully reducing service disruptions over time.

### Risk Reduction Metrics

Risk reduction will be tracked through UWPA's Tier-based risk framework, with a primary focus on:

• Number of Tier 1 risks mitigated or downgraded

This measure reflects progress in addressing the highest-consequence vulnerabilities within UWPA's infrastructure and compliance portfolio.

### Financial Performance Metrics

Financial sustainability will be monitored using indicators tied to Board policy and long-term planning assumptions, including:

• Reserve targets met or maintained within established thresholds

These metrics support evaluation of affordability, resilience to revenue volatility, and readiness to respond to emergencies or regulatory cost pressures.

### Grant Performance Metrics

External funding performance will be tracked to evaluate the effectiveness of UWPA's grant readiness and funding strategy, including:

- Grant dollars secured
- Grant applications submitted

These measures provide visibility into how external funding is being used to accelerate priority projects and reduce reliance on internal funding sources.

### Compliance and Regulatory Metrics

Regulatory performance will be tracked using scenario-based compliance milestones aligned with the applicable FERC pathway, including:

- Status of required filings, studies, and approvals under the applicable regulatory scenario

Tracking milestone completion ensures UWPA remains compliant and operational under either regulatory outcome while allowing the Board to monitor schedule and cost exposure.

## SECTION 8 — FINANCIAL STRATEGY SUMMARY (TWO-SCENARIO BUDGET STORY)


**8.1 Funding Approach**

UWPA's funding approach is grounded in a long-term Capital Improvement Plan (CIP) funding philosophy that balances infrastructure reinvestment, financial stability, and affordability for member agencies. The CIP is structured around a risk-based prioritization framework that directs limited financial resources first toward Tier 1 risks—those with the highest likelihood and consequence of failure—while maintaining flexibility to adjust pacing based on funding capacity and regulatory requirements.

Reserve targets are a central component of this funding philosophy. UWPA maintains operating and contingency reserves to manage revenue volatility, emergency response needs, and regulatory-driven cost uncertainty. Reserve targets are intended to provide financial resilience rather than eliminate the need for strategic decision-making; their use is governed by Board policy and aligned with risk tolerance and long-term sustainability goals.

Grant funding and associated match strategies are integrated into the CIP as a means of accelerating priority investments and reducing pressure on reserves and member agency contributions. UWPA's grant strategy emphasizes readiness, selectivity, and alignment with CIP priorities, ensuring that external funding supplements—rather than distorts—capital planning and does not create unsustainable long-term obligations.

### 8.2 Multi-Year Budget Approach

UWPA's multi-year budget approach builds from a defined operations and maintenance (O&M) baseline that reflects the ongoing cost of safely operating and maintaining water conveyance and hydroelectric facilities. This baseline provides a stable foundation for evaluating incremental cost pressures, staffing needs, and efficiency opportunities over the planning horizon.

Capital funding is managed through a clear distinction between capital outlay expenditures and capital projects. Capital outlay addresses routine asset replacement and minor improvements, while capital projects represent larger, multi-year investments approved through the CIP and Board action. This distinction supports transparency, consistency, and disciplined decision-making.

Recognizing regulatory uncertainty, UWPA's budget framework incorporates regulatory-path adders that account for differing cost trajectories associated with FERC exemption versus full relicensing outcomes. These adders allow the Board to understand the incremental financial implications of each regulatory scenario and to make informed, adaptive decisions as the regulatory pathway becomes clearer, while maintaining compliance and operational continuity under either scenario.

## REGULATORY FORK SUMMARY — EXECUTIVE OVERVIEW

| TOPIC | SCENARIO A: EXEMPTION (2028) | SCENARIO B: RELICENSE (2033) |
|---|---|---|
| **Primary Driver** | **Shorter regulatory pathway** | **Long-term compliance program** |
| **Cost Pattern** | **Front-loaded costs, followed by step-down** | **Sustained cost curve over multiple years** |
| **Capital Emphasis** | **Reliability renewal and asset reinvestment** | **Compliance readiness plus asset renewal** |
| **Staffing / Consultants** | **2–3 year surge in staffing and consultant support** | **Sustained 7–8 year staffing and consultant need** |

| | | |
|---|---|---|
| **Board Decision Focus** | **Strategic pivot following exemption determination** | **Annual milestone-based funding decisions** |

*Figure: High-level comparison of UWPA's two regulatory planning scenarios. The fork framework allows the Board to adapt funding and capital priorities based on regulatory outcomes while maintaining compliance readiness.*