



MW&L Quarterly Update

March 2024



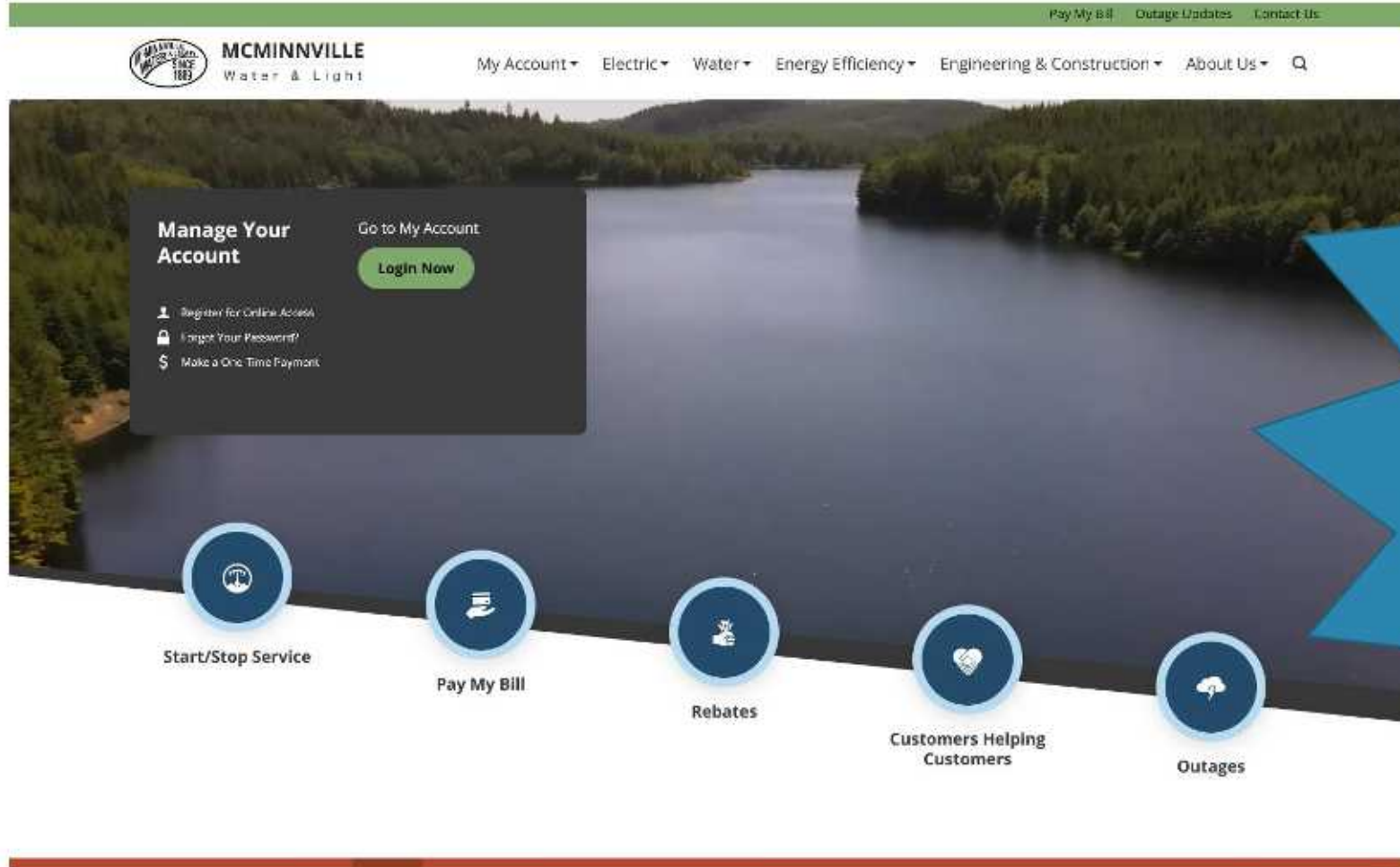
Link Reservoir (holds 250 million gallons)



Topics:

- Website
- Marsh Lane
- Recent Ice Storm
- Power Supply Challenges
- Rates
- Items 'in the works'

Website



New website
launched
February 2024!

mc-power.com



Marsh Lane Landscaping Project

Completed February 29



- Over 700 tons of rock installed
- Project Cost approx. \$50,000
- Over 350 labor hours invested

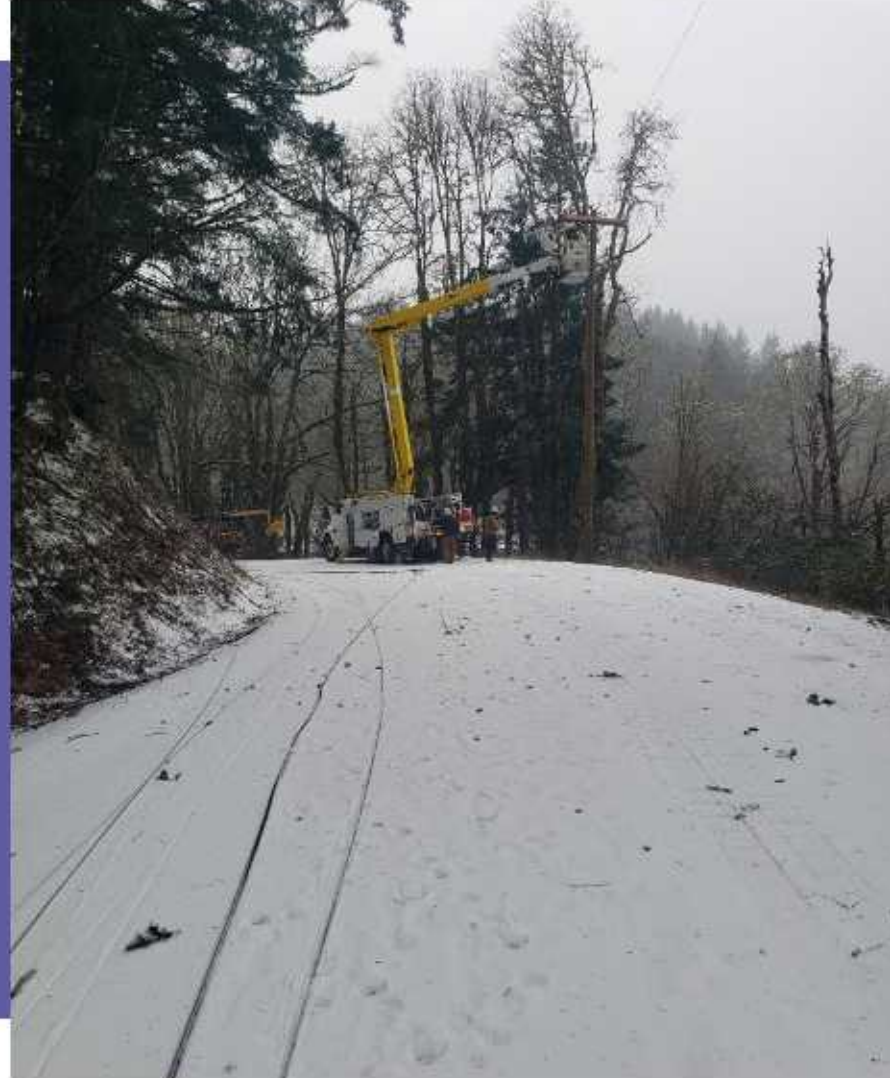


Marked improvement in safety, security, and access for employees and customers



Ice Storm 2024

- January 13-17, 2024; 4-day damage period
- Across Oregon, saw estimated \$72 million in damages and 500,000 homes without power at storm peak
- MW&L faired very well through the storm
- One outage impacting 106 customers in rural area for approx. 8 hours



Proactive Approach:

- Distribution Miles
 - 173 miles OH
 - 165 miles UG
- Most new construction is UG
- MW&L has a year-round tree trimming program
- Change out about 75 poles per year, looking to increase to 120 (~2% of poles each year, 50-year life)
- Pole test and treat program



Springfield Damage

MW&L Crews assisted SUB for 13 days



Looking ahead....



Power Supply Challenges



Future BPA Challenges:

MW&L's Main Source for Power Supply

- Constraints of Transmission System.
 - 2023 Cluster Study identified \$3.9 Billion in new transmission builds.
- Columbia River Treaty aka Canadian Entitlement (~10% of power costs)
- Residential Exchange (~14% of power costs)
- Water Supply
 - Currently 85% of normal (Reduced net secondary revenue)
- Contract Negotiations for next 20-year period
- Litigation Stay (CRSO)
 - \$300 million in additional costs over 10 years
- Fish & Wildlife (~25-30% of power costs)

Impacts to MW&L:

- Future Resources
 - currently developing Integrated Resource Plan (IRP)
 - BPA Tier 1 power costs \$35/mwh, Tier 2 costs \$62/mwh
 - Replacement Power
 - Potential Lower Snake River Dam Removal
 - Average 1,000 MW
 - Balancing for Intermittent Renewable Resources (ie. solar/wind)
- Increased costs (Inflation)
- Rate Impacts



Rate Increase Trends

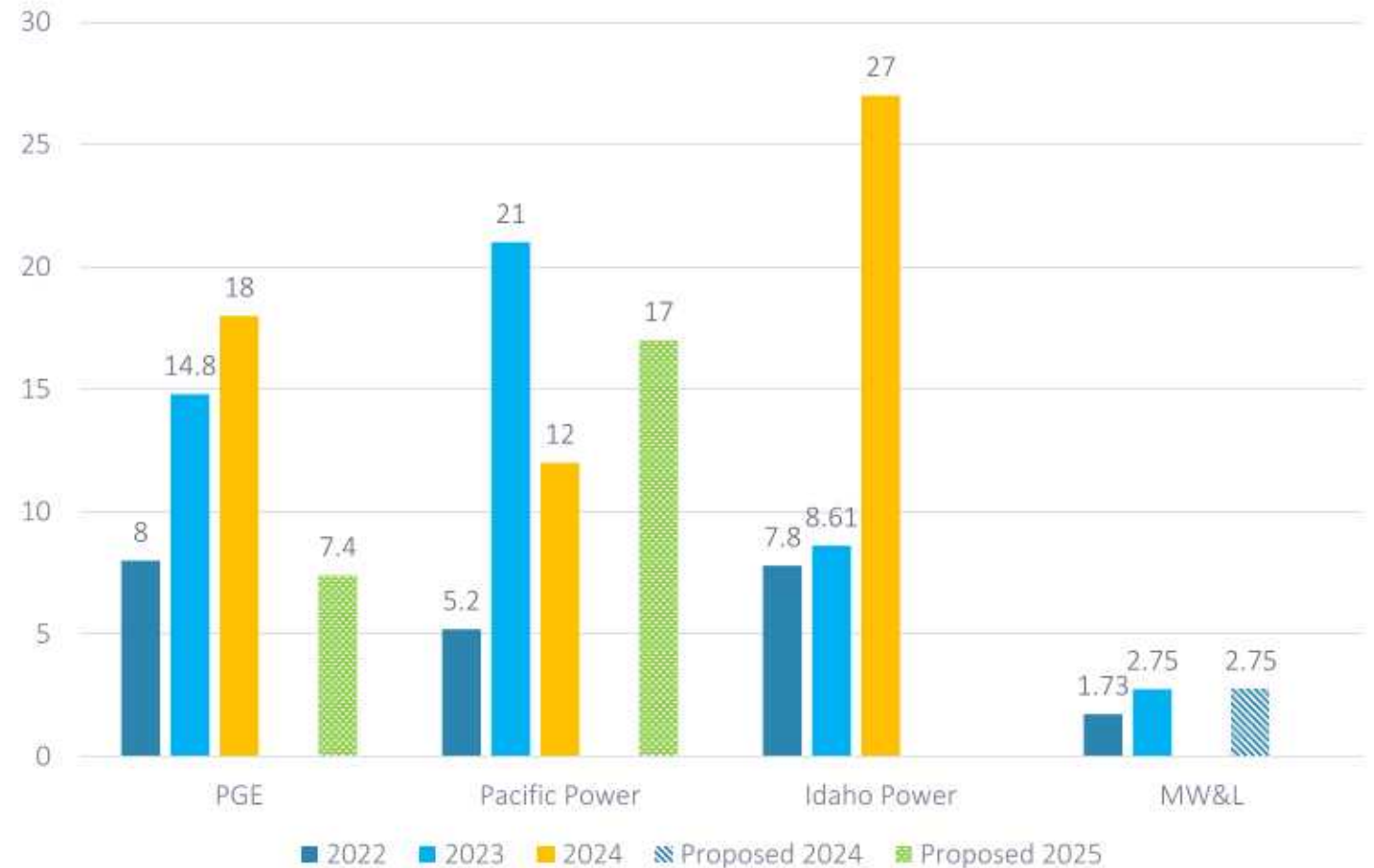
❖ Double digit rate increases facing many utilities

WHY?

- Energy Resources (future)
- Investments in Transmission
- Wildfire Mitigation (tree trimming and distribution system upgrades)
- Market Volatility
- Inflation:
 - 8.3% in 2022
 - 3.4% in 2023

MW&L has to consider all of these challenges when looking at future rate increases.

Recent Rate Increases (%)



In the Works...



Sluice Gate Project

\$277,500

Link Reservoir drained so sluice gate at bottom that controls water levels could be replaced.

Transmission Main Replacement Project

Phase 3 Engineering Complete

Phase 4 Engineering 90% complete



Zone 2

Water Infrastructure

If HB 4134 passes, MW&L will be putting project out to bid so construction can begin

Draft Capital Budget for FY 24/25

\$9.1 Million Water

\$11.5 Million Electric



QUESTIONS?

