

Transportation Capital Planning

Transportation Overview:

GMP's statewide operations are supported by a transportation fleet of approximately 550 vehicles and units that span the range of vehicle types, including bucket and digger derrick trucks of 115 units, 7 small boats for hydro facilities, 4 cranes, 20 off-road units, 18 fork lifts, and approximately 160 trailers and over 220 small vehicles. This fleet supports all of our operations, both field and office personnel, including transmission and distribution, power production, meter operations, substation operations, information technology and new initiatives. Much of the heavy equipment, such as bucket trucks, digger derrick trucks and off-road equipment, are operated in rough terrain and varying weather conditions and run long daily duty cycles to perform aerial tasks using hydraulics. The smaller vehicles vary in their use from field designers who meet with customers to scope and design projects to our meter technicians who travel many miles to manage the integrity of our meter operations. Trailers are used to haul poles, carry wire, install and remove wire and other equipment.

Fleet Objective:

To deliver strong value to our customers by supporting GMP operations with safe and reliable vehicles and equipment, striking the right balance between cost and performance.

When deciding whether to replace a vehicle in our fleet, we are guided by a number of factors. First, we continue to employ an aggressive vehicle and equipment reduction effort to ensure our fleet is right-sized to our operations and overall workforce, and balance this against replacing aging vehicles and equipment that are critical to our operations. We generally follow a fleet replacement plan of 8-10 years for large vehicles (like bucket trucks and diggers) and 5-8 years for smaller vehicles (like pickup trucks and pooled vehicles). This replacement standard helps us keep our fleet balanced so that we have a range of newer to older vehicles, and smooths out purchases so we do not need to replace a large number of vehicles at any given time. Each year we evaluate aging units in our fleet, from small pooled vehicles that employees use to travel between districts, to large restoration vehicles, like bucket and digger trucks. We take note of any vehicles that continue to cause expensive and time-consuming repairs or that have safety issues like brake issues or rotting floor pans. Our experienced team of mechanics, working with the primary operator of a vehicle, will evaluate whether it makes sense from a fiscal and safety perspective to keep and repair, or replace an aging vehicle. There are times when the condition of an aged vehicle is acceptable and we keep the unit in our fleet even though it is older and outside our fleet replacement plan. We currently have approximately 70 large and small vehicles in our fleet now that are over 10 years old. Including other vehicles such as trailers and utility vehicles, that number increases to just under 200 units in our fleet that are over 10 years old. Additionally, just because a vehicle needs to be replaced doesn't always mean we replace it with a like-kind vehicle. We sometimes are able to downsize to a smaller vehicle. For example, we recently we reviewed our hydro fleet and removed the Ford F-450 chassis size and reduced to a smaller chassis with a lower gross vehicle weight rating to fit the job and meet the needs of our operators and customers. Sometimes we are able to use a spare vehicle from another district instead of buying a new one. For example, when we

have attrition in a field position, we may have a spare vehicle available for use. Many utilities have even more aggressive vehicle replacement plans, some with 5 years for small vehicles and 7 years for large vehicles like bucket and digger trucks.

Fleet Capital Planning Strategy:

We develop our Fleet Capital Plan by assessing our needs against several criteria:

- **Safety:** Ensure that our vehicles are safe for travel and operation on public roads for both our employees and the public.
 - We utilize the criteria for State Inspection as well as the guidelines set by the Department of Transportation. Operators perform daily checks of the vehicle and technicians perform overall safety and operational reviews during each scheduled service.
- **Age/Reliability Replacement:** Age and physical condition of vehicles are also a determining factor. As vehicles age, the probability of failure increases and the repairs become more costly.
 - The current replacement strategy is to replace small vehicles on a 5 to 8 year replacement plan and a 8 to 10 year plan for the bucket, digger and crane trucks. Age is not the only criteria used to determine replacement, mileage and actual physical condition are also some factors used to make our decisions.
 - The final factor in identifying the vehicles to be replaced is the annual cost of maintenance. Our goal is to replace the most costly units to reduce our overall cost.
- **Mix of Vehicle Types:** Our current fleet is very broad due to the nature of the work being performed. The mix of vehicles in the fleet includes both on and off road trucks and track units, trailers, ATV and small passenger vehicles.
 - The criteria for the mix of vehicles in the fleet is driven by the intended end use of the vehicle. As vehicles are up for replacement, we review alternatives for replacement including the type and size of the vehicle.
- **Vehicle New Technologies:** The Company continues to replace our existing fleet with the most efficient vehicles available. We continue to look at alternative fuel vehicles and adding them to the fleet where possible and cost effective with the goal of reducing our overall carbon footprint.