The objective of enterprise risk management is to develop and manage a holistic, portfolio view of the most significant risks to our mission of providing reliable and competitively priced water and electric service.
ERM Policy

Mission & Objective

• TID will face risks to its business strategy, operational risks and risks associated with the protection of its people, property and reputation.

• To that end the objective of this Enterprise Risk Policy is to develop and manage a holistic, portfolio view of the most significant risks to our mission.

Purpose

• Identify, analyze and respond appropriately to enterprise risks.

• Responded to enterprise risks based on the risk appetite and tolerance for identified risks and opportunities.

Roles & Responsibilities

• **Board of Directors**: Governs the risk profile of the District through strategic planning, policy decisions and budget authority

• **Management Team**: Identifies enterprise risks, ensures appropriate resources are allocated, encourages a risk aware culture

• **Risk Owner**: Provides subject matter expertise on assigned risks, manages risk mitigation actions

• **Chief Risk Officer**: The COO will act as the CRO to facilitate the ERM cycle, coordinate risk information and reporting
ERM Cycle

- Identify: uncover, recognize, and describe risks.

- Analyze: determine the likelihood and consequence of each risk.

- Evaluate: make treatment decisions based on risk tolerance and appetite.

- Treat: plan to minimize the probability of the negative risks as well as enhancing the opportunities.

Identify

Risks identified will be defined in clear terms, with drivers and risk sources to facilitate analysis, evaluation, treatment, and to assign an appropriate Risk Owner.
• Assess the significance of risks to enable the development of risk treatment responses, based on the likelihood of the risk occurring and the potential consequence if the risk occurs.

• Mitigation Potential will be scored based on the District’s ability through mitigation plans to reduce the consequence and/or likelihood of the identified risk.
### Evaluate

<table>
<thead>
<tr>
<th>Mitigation Strategy</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>Avoid</td>
<td>The mitigation strategy is centered on expending all possible effort to avoid the risk.</td>
</tr>
<tr>
<td>Accept</td>
<td>The risk is within tolerance or viable mitigation plans do not exist to reduce the likelihood or consequence.</td>
</tr>
<tr>
<td>Transfer</td>
<td>The primary treatment transfers the risk to another entity.</td>
</tr>
<tr>
<td>Limit</td>
<td>The mitigation strategy is based on expending a reasonable amount of resources to impact the likelihood and or consequence of the identified risk.</td>
</tr>
<tr>
<td>Retain</td>
<td>The risk is accepted due to current controls being in place that reduce the risk to an acceptable level. The controls will be retained, maintained and monitored as part of the ERM cycle.</td>
</tr>
</tbody>
</table>
Treat

- Determine appropriate response(s) to mitigate risk to an acceptable level as well as enhancing potential opportunities within reasonable costs.
- Risk response may include mitigation of risk to limit either the likelihood of an occurrence or impact or both, informed acceptance of risk, transfer of risk or avoidance of risk.
- Risk response will be evaluated in terms of efficiency and effectiveness.
- Each mitigation plan will be assigned an owner/team and a timeline for completion.
Monitor & Report

- Chief Risk Officer (CRO) will work with Risk Owners to ensure the identified risks are addressed, monitored, and reported to the Management Team on an annual basis.

- GM will report mitigation progress to the Board annually
Questions & Next Steps

Finance & Rates
Goal #2 Enhance Financial Reporting