

4.25.000-P Investment Policy

History			
Source	Date	Action/Notes	Next Review Date
Finance & Audit Committee	11/14/2023	Recommend for Approval	
Nominating & Governance Committee	1/8/2024	Recommend for Approval	
Board of Directors	2/21/24	Approved (R1022)	2/2027

Policy Statement

Energy Trust holds funds for the sake of accomplishing its vision and purpose. It is the policy of Energy Trust to be conservative custodians of ratepayer funds and other grantor funding while taking steps to mitigate the erosive effects of inflation. This Investment Policy is designed to minimize risk, ensure that funds are always available to meet operational needs and earn an acceptable yield. This Investment Policy further defines investment criteria and allowable investments under which the policy is to be implemented.

Investment Criteria

Safety: Energy Trust's foremost investment objective is to preserve and protect ratepayer assets entrusted to it. Investments are made in a manner that seeks to ensure the preservation of capital.

Liquidity: Anticipated cash needs are determined by the annual budget, quarterly forecasts and analysis by Energy Trust Finance staff. The investment portfolio must remain sufficiently liquid to meet cash needs as determined by the Chief Financial Officer.

Yield: To the extent possible after fulfilling the "Safety" and "Liquidity" objectives described above, Energy Trust will seek to maximize yield in order to partially offset the effect of inflation on ratepayer funds held by it.

Allowable Investments

Category 1: Without further approval or consideration from the Committee, Energy Trust staff may utilize the following banking and investment products to the extent consistent with the objectives described above:

- Operating Checking Accounts, not to exceed \$3 million with any one bank.
- Insured Cash Sweep or similar products, which divide large deposits into accounts at participating banks in amounts under \$250,000, making those deposits eligible for Federal Deposit Insurance Corporation insurance.

- Money market funds, where the underlying securities are obligations of the United States Treasury and the funds are subject to regulation and oversight by the Securities and Exchange Commission under Rule 2a-7.

Category 2: Energy Trust staff may propose, for consideration and approval by the Committee, the use of the following investment products to the extent warranted by economic and market conditions. When making the proposal, staff will communicate a thorough assessment of risk associated with the investment product, returns expected to be earned, impact on Energy Trust liquidity, and proposed levels and tenor of the investment.

- Individual, and mutual or index funds entirely composed of, US Treasury and agency securities.
- Mutual or index funds composed of highly-rated municipal bonds.
- Certificates of deposit from highly-rated financial institutions in amounts not to exceed the FDIC insurance limit with any individual institution.

Roles and Responsibilities

Staff: Energy Trust Finance staff are responsible for deploying and managing cash within the Allowable Investments (including those requiring consideration and approval by the Committee) according to the Investment Criteria as described above. Staff are also responsible for providing reporting to the Finance & Audit Committee (the Committee) as described below. Specifically among staff, the Chief Financial Officer is responsible for implementing this policy including approving individual purchase and sale transactions. The Chief Financial Officer may further delegate record keeping and communications to a qualified individual under their supervision. The Chief Financial Officer is responsible for monitoring cash needs and reporting promptly to the Committee any unusual circumstances which might cause the portfolio to fall out of compliance with this policy. The Chief Financial Officer and the Committee will determine a corrective plan to bring the portfolio back into compliance.

Committee: The Committee is responsible for supervising and overseeing the performance of Energy Trust investments in line with the Investment Criteria described above. This includes considering and deciding on certain proposed investments as discussed in the Allowable Investments section above.

Reporting: Staff will prepare and present, on a frequency determined by the Committee, financial reporting regarding Energy Trust's investments including:

- Details on balances not subject to FDIC insurance coverage.
- Liquidity profile of investments.
- Yield by investment, and weighted-average yield for the entire portfolio.
- Historical comparative information as applicable and appropriate.