



Strategic Planning: Who, What, Why and NOW!

In Industry in a Period of Significant Change

- **Technology**
- **Changing Customer Needs and Demographics**
- **Uncertain Regulatory Landscape**
- **Changing dynamics of fuel sources**

Technologies are changing every aspect of our business

- **Within organizations**
- **Between utility and JAA**
- **Between utilities and their customers**

Technologies are changing every aspect of our business

- **Smart grids technologies can enhance reliability, efficiency, conservation, data collection and analysis**
- **Communications technologies can allow for more sophisticated outreach, data analytics and delivering different messages or offerings to different customer segments**
- **Does broadband today represent the same role as electricity 100 years ago in the economic viability of rural America?**



Technology Creates New Opportunities

- New service offerings
- Enhanced communications with customers
- Greater control in the hands of customers (e.g. energy monitoring, pre-paid metering, payment options)

The background of the slide features a light pink and white color scheme. On the left, there is a large, faint gear. Overlaid on the entire background are thin, light pink lines that form a circuit-like pattern, with small circles at the nodes. On the right side, there is a large, faint circular graphic that resembles a camera lens or a complex mechanical part.

Technology Creates New Threats

**But we are safe because we are
monopolies...**



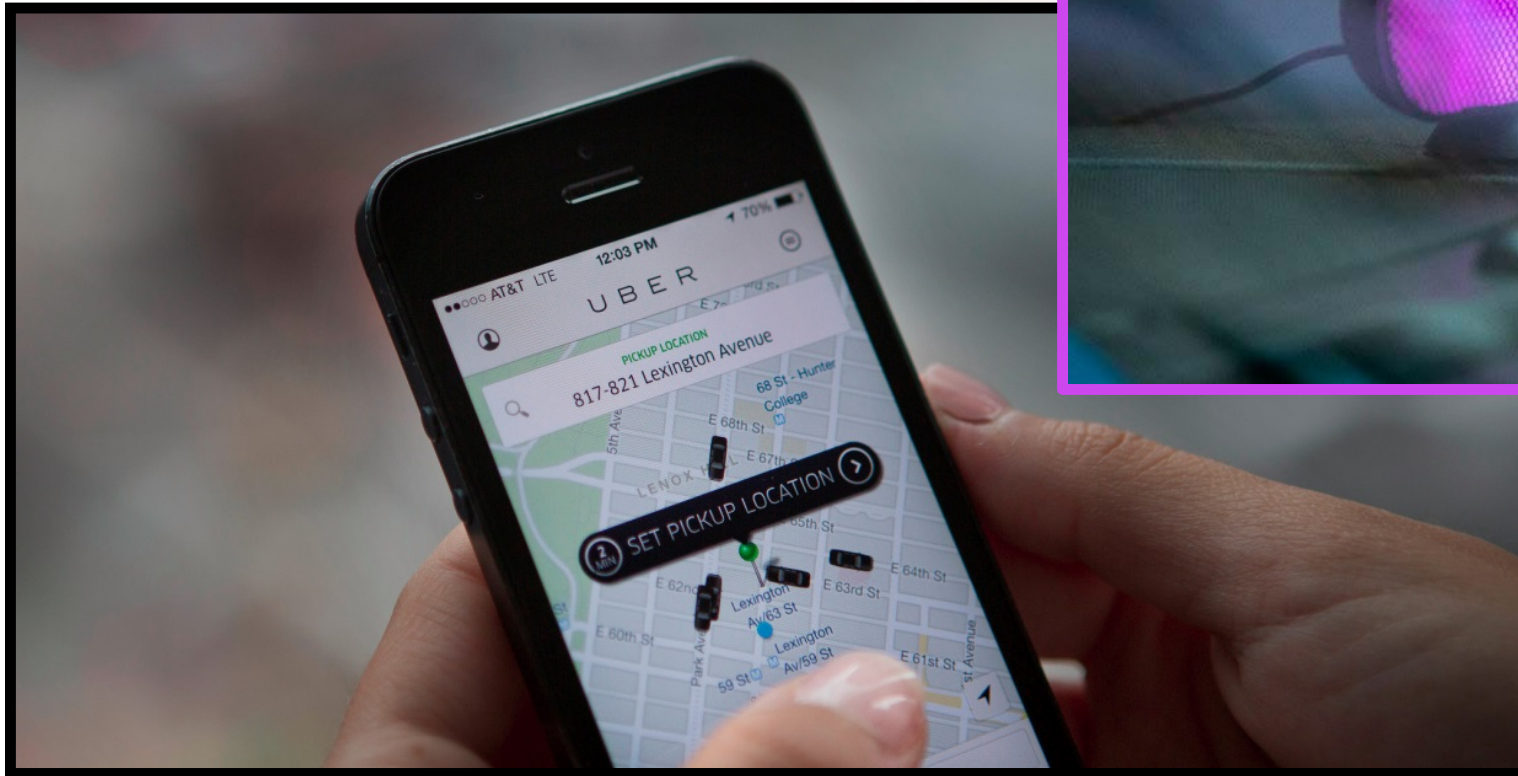
Innovation → Disruption

- The Past



Innovation → Disruption

- The Future



Technology Creates New Threats

Public Power is not immune

- Increasingly affordable behind the meter distributed generation
- Community choice aggregation models
- Third party billing companies

Changing Customer Expectations

- **24/7 mindset:**
 - I want to do something/know something NOW
 - I want to be able to do that on my computer, if not my smartphone
- **Personalized service**
 - I want more than one choice available to me

Changing Customer Demographics

- Older
- Growing percentage of renters vs. homeowners
- Population growth primary in urban/suburban areas
- Births will not replace deaths
- Growth will come primarily through in-migration
- Minorities will increasingly account for new growth

Uncertain Regulatory Landscape

- **Environmental – state and federal level**
- **Financial – tax exempt financing**

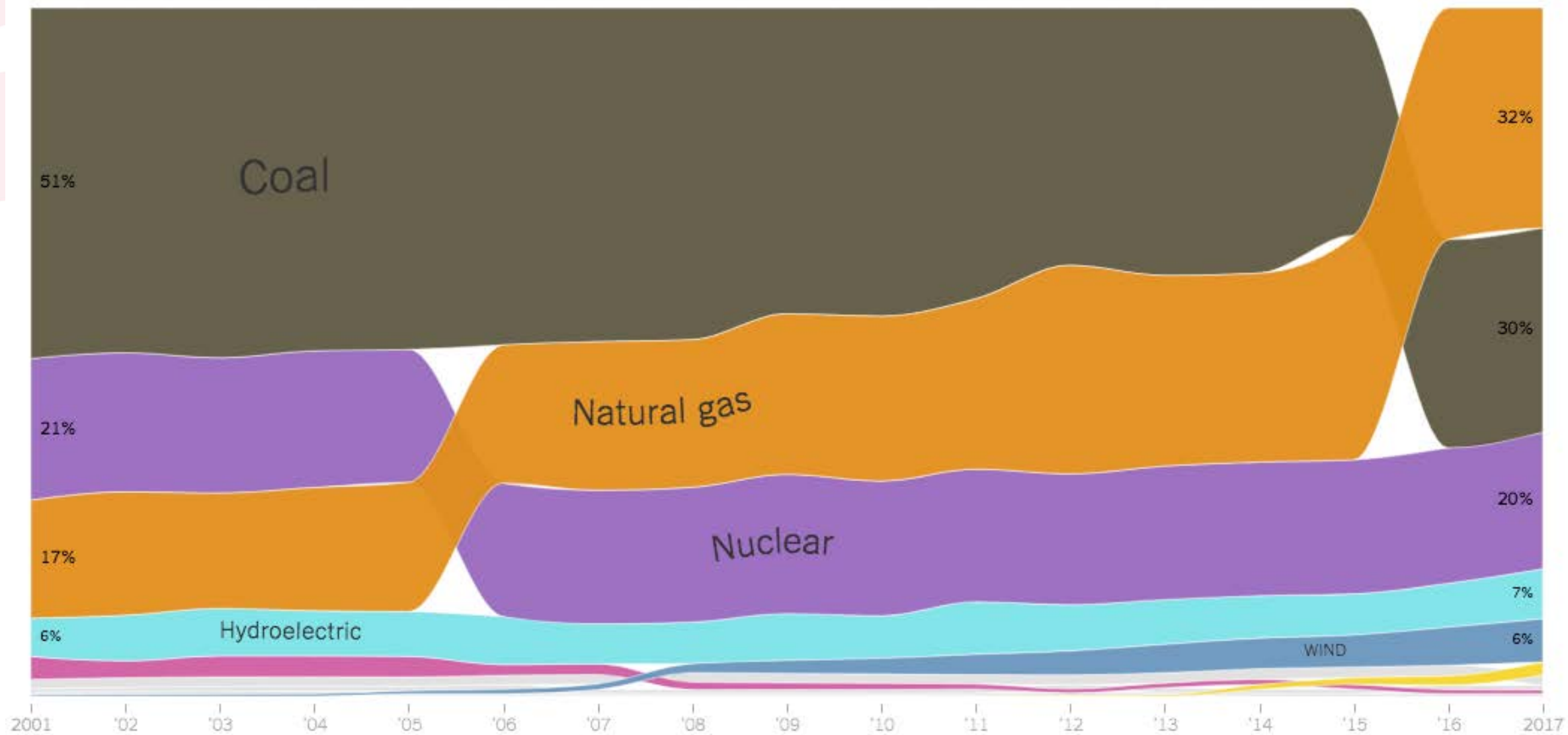


Changing dynamics of fuel sources

- Does it matter anymore which party is in control in Washington D.C.?
- Will there be another coal plant built in the U.S.?
- What will happen to the price of natural gas?
- How much more will costs of renewables decline?
- Is battery storage now a realistic option?

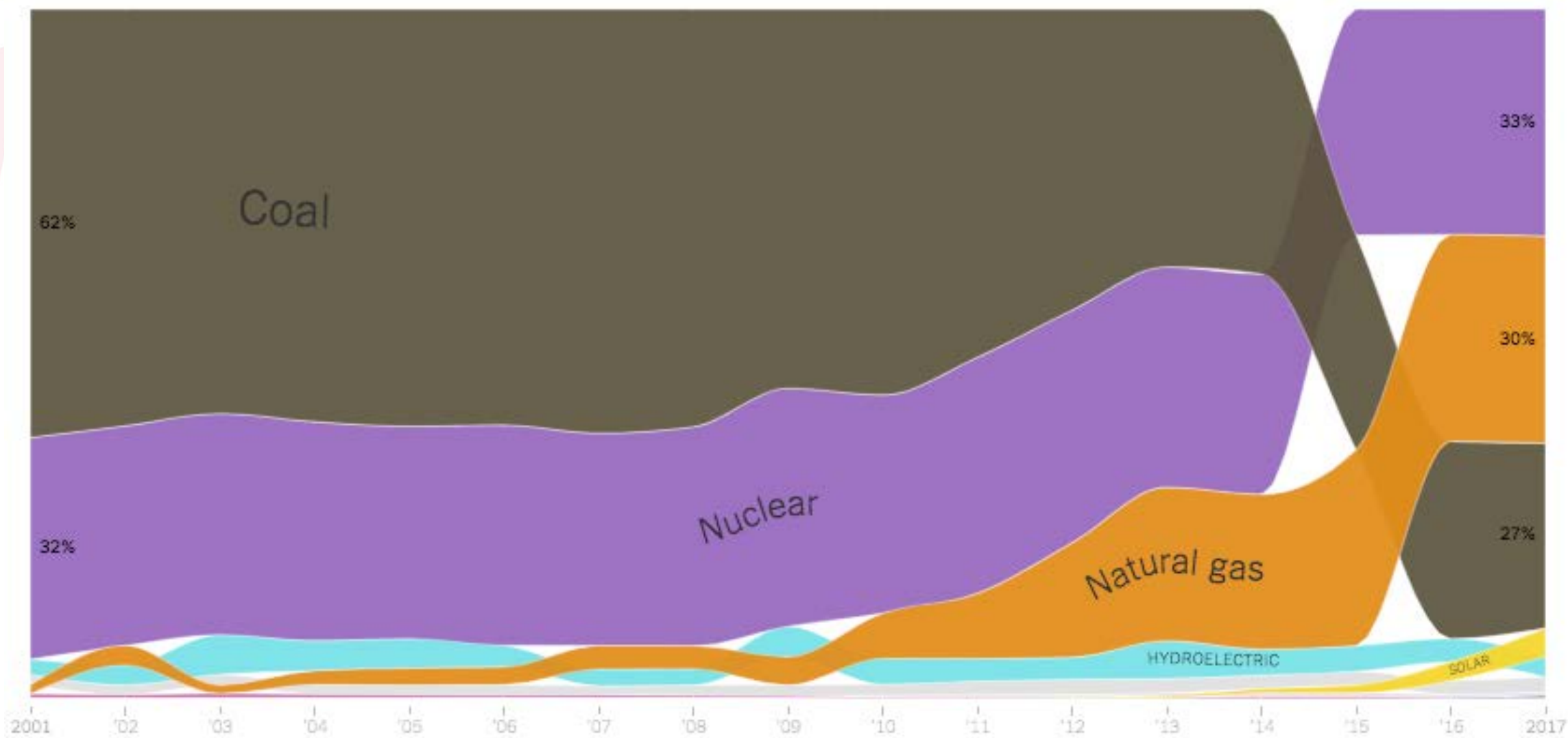
How the United States generated electricity from 2001 to 2017

Percentage of power produced from each energy source



How **North Carolina** generated electricity from 2001 to 2017

Percentage of power produced from each energy source



CONNECTIONS SUMMIT

A New Utility Model?

- Technology and market forces are doing what deregulation could not: change the relationship to your customer
- Someone is going to serve your customers – make sure it is you

The Hometown Connections Approach to Strategic Planning in Public Power



CONNECTIONS SUMMIT

Public Power Strategic Planning should embrace these values:

Customer
Focused

Open and
Transparent

Inclusive

Empowering

Iterative

Values-
Driven

Disciplined



Process vs. Outcomes

“Plans are worthless, but planning is everything.”

-- President Dwight D. Eisenhower



A strategic plan should answer these questions:

- What role to you play today/why do you exist?
- What role do you aspire to in the future?
- What values will you follow to achieve this future?
- Who will you serve?
- What will be the most important things to focus on to get there?
- What's going to help you? What needs to be overcome?
- What actions will you take to achieve your goals?
- How will you measure your success?



A word about the Role of the Board in Strategic Planning

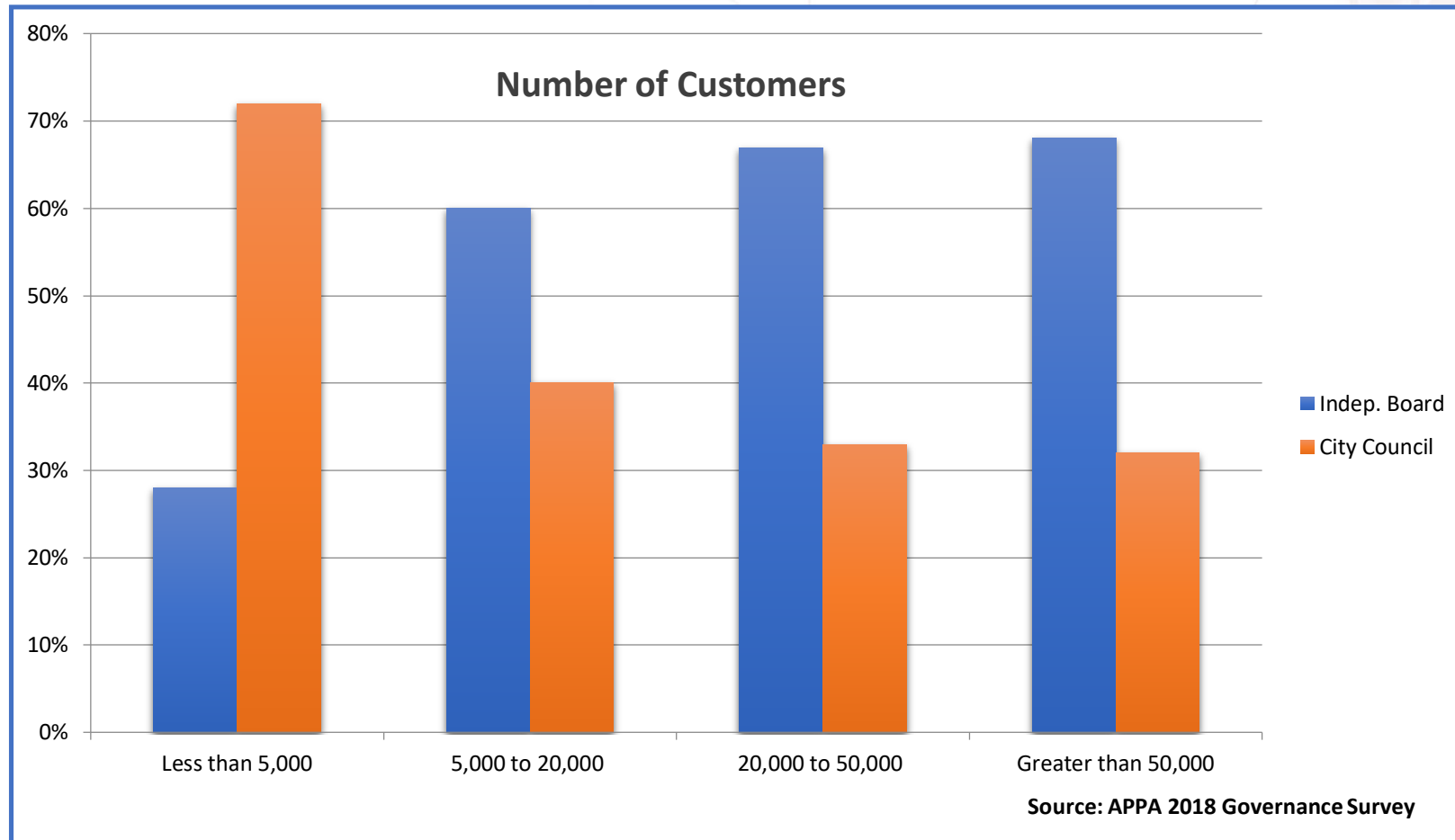
- Today's public power strategic planning must include a significant and meaningful role for the board
 - Beginning: board “commissioning,” early identification of issues
 - Middle: confirmation of direction, feedback, clarification
 - End: Approve the plan, develop any board-specific action items, agree on how plan progress will be monitored

Types of governance in public power

- **City Council**
- **Independent Board**



Type of Primary Governing Body



City Council as Governing Board

- **Reporting relationship to the Utility**
 - Through the CEO (mayor or city manager)
 - Directly to the utility general manager
- **Citizens advisory committees**

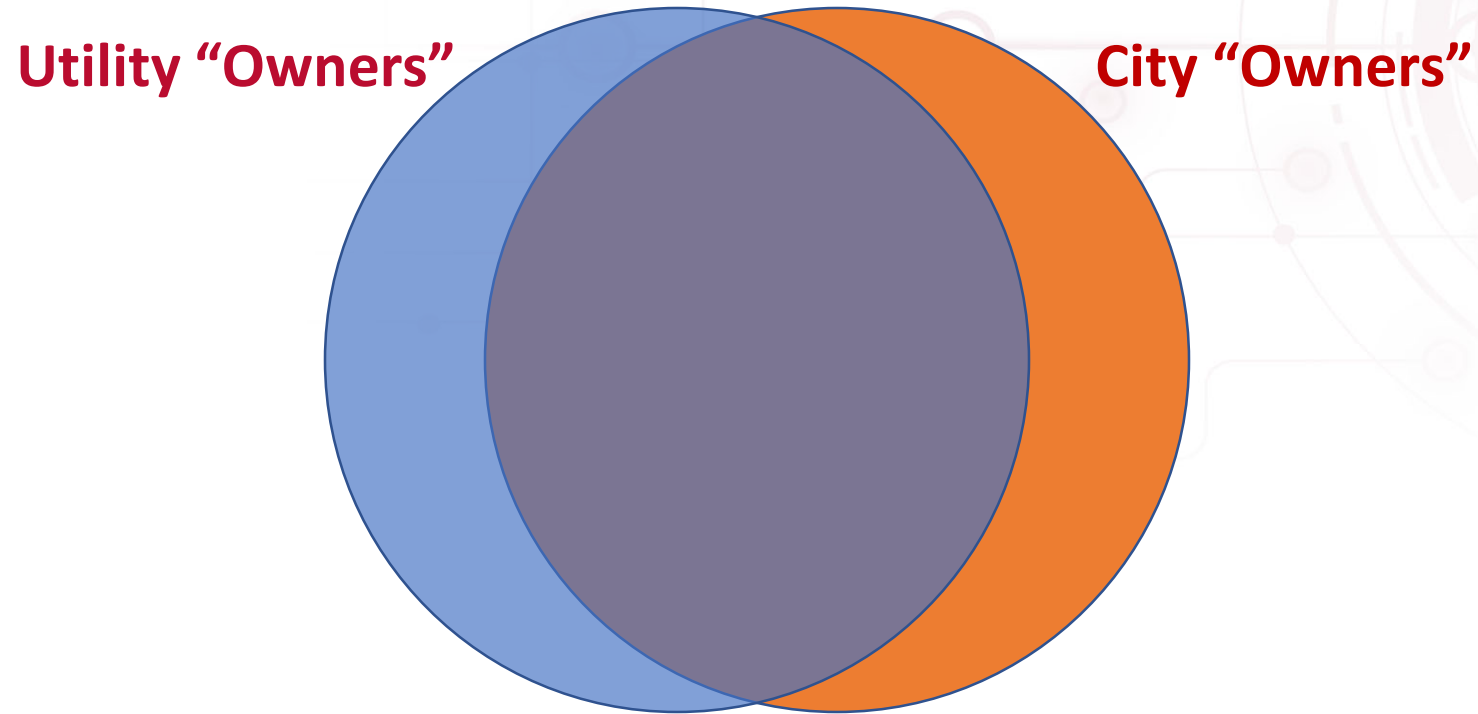


Strategic Planning Challenges to a City Council Board

- Keeping the utility on your radar: Multitude of community issues, many that may seem more urgent than the electric utility
- Differentiating between the general fund and enterprise fund
 - Keeping the asset healthy
 - Creating a fair and predictable transfer policy
 - Recognizing the different role you must play for each
- How to represent non-residents
- General manager compensation
- *City council-governed boards of utilities are doing far, far less strategic planning than independent boards.*



Recognize the different role the board must play for general fund vs. enterprise fund



Challenges to an independent governing board

- Recognizing the roles and relationships a public power utility has with its stakeholders
- Maintaining strong communications with city council and/or stakeholders in the community or communities served
- Taking care of the partnership

How much board involvement is too much...or too little?

- **The key is what kind of involvement**
 - Focus on the *Ends* and the strategies to achieve them
 - Charge – and empower – the manager with determining the best *Means* to accomplish them
 - Provide the manager regular feedback and expect reporting on progress toward those Ends.



***“If you don’t know where you are going,
any road will get you there.”***

-Lewis Carroll





Thank You!

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