

# **Independence Power and Light Priority Listing PUAB Submission**

## **City Council Level Advisement**

- 1. Officially address the operating relationship between the Independence Power and Light and the city of Independence Missouri. The City Charter Sections 3.12-3.18 and the Bondurant Decision received March 12, 1980 should be the basis of the review.**
- 2. Develop a plan for Future Generation Resources to support the end of life of IPL Combustion Turbines (CTs) and existing contracts for Purchased Power and weighing the cost/benefit to the reliability, resilience and cost-effective service provided to the ratepayers-**
  - Evaluate opportunities/costs for increased participation in wind energy and other green energy sources
  - Evaluate opportunities/costs for replacement of the existing CT assets with modern efficient technology compatible with market constraints
  - Evaluate other strategies to meet the energy and capacity needs of Independence
  - Current solar projects and age of current inventory of Combustion Turbines must be considered.
- 3. Review and develop financial procedures and policies to provide efficient, cost effective support to the Utility-**
  - Establishes and maintains industry appropriate reserves
  - Establishes equipment replacement program.
  - Provides for annual reviews to evaluate the potential for excess funds and the most appropriate means to benefit rate-payers
  - Demonstrates appropriate use of debt financing
- 4. Develop a systematic approach to rate setting-**
  - Our current process of assigning rates to cover funds spent rather than creating operational budgets based on performance revenues, which are advantageous to IPL ratepayers. Currently rate making process suffers from too much emphasis being placed on the impact to the city's general fund rather than to the owners of the utility, ratepayers.

**5. A systematic approach to cost reductions-**

- Review Customer Service Complaints resulting utility bills.
- Complaints due to billing errors and estimated bills
- Comparison of salaries and benefits for all employee and management types with liked sized municipal utilities.
- Review staffing benchmarks by equipment and power line per mile maintained with like sized municipal utilities.
- Review management staffing with liked sized municipal utilities.

**6. Review Customer Service complaints resulting from inadequate Meter Reading infrastructure and methodologies and develop solutions to provide industry best practice service to the ratepayers-**

- Cost of service compared to similar utilities
- Complaints due to billing errors and estimated bills
- Salary and average Overtime costs compared to similar utilities
- Industry best practices for meter technology

# **Utility Manager Level Advisement - (These aspects can be implemented immediately)**

## **1. Reduce expense and dependence on contractor tree trimming services by moving additional circuits underground-**

- Use outage data and maintenance metrics to strategically target sections of the Distribution system
- Coordinate with other utilities and Community development objectives to identify areas of opportunity for burial.
- Establish an initial 10-year plan with appropriate maintenance and capital funds
- Continue current requirements for moving service connections underground
- Document outage and mitigation costs to qualify for available FEMA grants to supplement budget expenses
- Investigate coordinated moves with other services on IPL poles to share costs

## **2. Develop Future Leadership Model-**

- Organization Structure- our current process places operating performance on the city council/city manager/assistant city manager/general manager with oversight by multiple consultant reports and PUAB. Performance accountability must be placed at the operation level and not the City Council Level.
- DMKT report highlights the lack of structured managerially succession planning for critical roles and failure to implement FEC accounting is directly related to IPL losing \$2.5 million.
- Management Analyst report highlights fraud, poor management practices and lacking labor management control.
- Staffing and Scheduling- with a 24/7 operation and all crews being scheduled 7:00 to 3:30 Sat-Sun off, is a recipe for huge overtime costs. Matching resources with workload are critical to any operation.

## **3. Implement Data Driven decision making processes to improve planning for annual Operating and Maintenance budgets and Capital Improvements-**

- Continue development of CITYWORKS applications to capture labor and materials costs by field personnel
- Develop asset management functions for CITYWORKS to enable predictive and preventive maintenance practices and budgeting
- Use asset management data to plan future investments in Capital expenditures
- Use data to make operational improvements.

#### **4. Customer service programming-**

- Develop mechanisms to consistently track customer feedback and areas of improvement.
- Develop strategies to consistently communicate utility activities, performance, programs, etc.

#### **5. Develop consistent, meaningful performance reporting for IPL divisions-**

- Implement industry standard FERC accounting
- Develop and track industry standard benchmarks for public power utilities
- Produce a dashboard report for the PUAB
- Provide an annual report comparing projected budget to actual revenues and expenditures

#### **6. Review terms of the IBEW Work Agreement and negotiate to implement efficient, cost-effective practices-**

- Appropriate staffing levels
- Overtime rules consistent with City policies and industry norms
- Scheduling that effectively meets the needs of a 24/7 operation