



MEMORANDUM

DATE: December 2, 2020
TO: Zach Walker, City Manager
THRU: Adam Norris, Assistant City Manager
FROM: Jim Nail, Director – Power & Light
SUBJECT: IPL Priorities and Objectives Work Plan

Recently, the City Council directed you to solicit a priority list of goals and objectives from the Public Utilities Advisory Board. Such a process was intended to mirror the one employed at the beginning of the year, when Assistant City Manager Adam Norris issued a memo outlining a series of strategic goals and objectives to address some of the immediate issues faced by the department. That process helped align the efforts and resources of the department and resulted in a focused approach that delivered positive results.

In response to this directive, the IPL team has reviewed the audits and management reviews with PUAB members while also conducting one-on-one interviews with each member of the PUAB. While the PUAB has not been able to agree to a priority list, they have developed a targeted list of objectives for the next year. In order to meet the directive of the Council and align expectations, this list is submitted for review and consideration. It is important to note that the intention with establishing these priorities is not to create a linear process, but rather to bring clarity and focus to our mission and the work we do on a daily basis. Several of these objectives are already in progress and will continue to be worked in parallel with others.

- A. Future of IPL Generation. The Energy Master Plan presented a comparison of the options to meet the future energy and capacity needs of Independence. A key element of those scenarios is the pending retirement of the city's Combustion Turbine assets. Those were evaluated as a low cost option for a 5-10 year window, giving the city time to make a decision on how to replace that energy and capacity. We are two years into that assessment. This decision is a critical path that impacts several other areas of concern. A presentation to the PUAB and City Council is planned in January. Following that presentation, staff will develop information for the City Manager, PUAB, and City Council to evaluate options and develop support for a decision that will best meet the city's needs—today and in the future—and provide a balance between energy security,

maintaining system reliability, supporting environmental goals, enhancing IPL participation in the energy market, and ensuring sound fiscal responsibility of resources.

- B. Review and adopt financial best practices to provide transparent and consistent fiscal management of the Utility. This includes restoring accurate FERC accounting standards and establishing industry appropriate reserve balances. This priority will also drive our ability to support generation options, provide the basis for annual budgets, meet our obligations to the rate-payers, and establish consistent benchmarking data to measure our performance against other electric municipal utilities. Specific areas addressed will include:
 - a. Establish and maintain industry appropriate reserves
 - b. Clearly define restricted and unrestricted fund balances
 - c. Consider long-term financial performance and impact of decision-making
 - d. Support necessary capital improvements to maintain system reliability
 - e. Provide consistent, reliable data for developing annual budgets
 - f. Establishment of asset management and equipment replacement programs
 - g. Provide for annual reviews to evaluate the potential for excess funds and the most appropriate means to benefit rate-payers
 - h. Demonstrate appropriate use of debt financing
- C. Implement Data Driven decision making processes to improve planning for annual Operating and Maintenance budgets and Capital Improvements. The full development and implementation of analysis tools from CityWorks will support strategic replacement of the Transmission and Distribution network, identify trouble spots based on actual maintenance and outage data, and support a systematic undergrounding of circuits potentially reducing reliance on contracted tree trimming. Effort will be focused on:
 - a. Continue development of CityWorks applications to capture labor and materials costs by field personnel
 - b. Improving data capture by using tablets with network connectivity for field supervisors/crew leaders
 - c. Develop asset management functions for CityWorks to enable predictive and preventive maintenance practices and budgeting
 - d. Use asset management data to plan future capital and operational needs
 - e. Use data to monitor and implement operational improvements.
- D. Review terms of the IBEW Work Agreement and related personnel policies and negotiate to implement efficient, cost-effective practices to include:
 - a. Appropriate staffing levels
 - b. Overtime rules consistent with City policies and industry norms
 - c. Scheduling that effectively matches the 24/7 nature of electric utility operations
 - d. Efficient, cost effective meter reading procedures
- E. Enhance communications and customer service programming:
 - a. Develop mechanisms to consistently track customer feedback and areas of improvement.

- b. Develop strategies to effectively communicate utility activities, performance, programs, and capital improvement initiatives to illustrate the value of municipally owned utilities.
- F. Clarify governance and reporting processes
 - a. Develop formalized processes and reporting mechanisms to PUAB and recommendations to be considered by the City Council.
 - b. Clarify roles of PUAB, City Council, and City staff in the oversight, decision-making, and management of the utilities.
 - c. Maintain compliance with requirements of the City Charter and Bondurant Decision