

Benefits of Strategic Planning For a Public Power System

By Erik K. Booth

Our challenges are typical among public power systems. As our workforce ages, the Marquette Board of Light & Power (MBLP) is facing the loss of important managerial and technical skill sets. We have an aging generating fleet and a need both to properly maintain current assets and prepare the addition of new resources for the future in an uncertain and constantly changing regulatory environment. Setting direction and maintaining the continuity of the organization as we face these challenges drove us to undertake a strategic planning process.

The MBLP is a municipal electric utility serving approximately 17,000 customers in the city of Marquette, Mich., and all or parts of nine townships in Marquette County. In August 2012, MBLP engaged the staff of Hometown Connections to guide us through the strategic planning process. With experience supporting more than 800 public power utilities, the Hometown team has demonstrated a clear understanding of the dynamic relationship between governing boards and staff who serve the utility. We felt this expertise was essential to assist with the alignment between the two parties on the utility's core mission, values and business objectives.

Steve VanderMeer, Hometown's senior vice president of planning & marketing, was our facilitator. Early on, we decided it was critical to include the board if the process was to be successful and came up with a creative concept. Two board members were invited to participate as liaisons with the staff. This allowed the board to have a strong voice in the development and direction of the strategic plan. These board liaisons now serve as facilitators to the rest of the board on strategic issues facing the utility. As a result, the full board has a much better understanding of the challenges and can now provide the direction necessary to best serve the community today while preparing to meet the needs of the future.

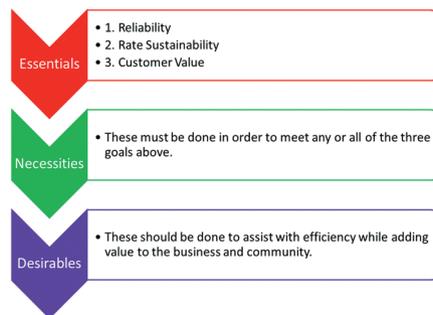
Through advance conferences and onsite

workshops involving the board liaisons and 30 staff members, we examined our strengths, weakness, opportunities and threats; our core values; the needs of our stakeholders, and our vision for the future. Ultimately, with VanderMeer's assistance we narrowed our guiding principles into three primary parts, what we are referring to as: essentials, necessities, and desirables.

Essentials. These are the sole reasons the MBLP exists from the perspective of our community owners and are the essential obligations of a public power utility:

- Reliability
- Rate Sustainability
- Customer Value

Necessities. The following are examples developed from a board perspective of what



must be done to meet any or all of our three essential obligations:

To preserve reliability we must:

- Continually evaluate various power supply options with a strong emphasis on the long-term vision of Marquette electrical system.
- Maintain some form of self-generation in our portfolio.
- Ensure that we make periodic condition assessments of existing infrastructure.
- Routinely update our power supply planning analysis.

To ensure rate sustainability we must:

- Perform periodic cost-of-service analyses to ensure that we realize appropriate operating revenues to maintain existing in-

frastructure and to plan for future resources.

- Routinely evaluate staffing functions and costs.
- Make periodic investments into the existing electric system infrastructure.
- Maintain sound financial management of resources.

To uphold customer value we must:

- Develop a key accounts program.
- Continue with community partnerships and good works projects.
- Demonstrate our environmental stewardship to the public.

Desirables. These are activities that will help us do what we need to do more efficiently, while adding value to the business and the community. A couple of examples include:

- Balance the costs of staying current with technology versus the consequences of falling behind.
- Ensure that ongoing employee development and training is undertaken.

This basic skeletal framework guides our approval process. The essentials, necessities, and desirables now give the board a set of criteria upon which they can evaluate and feel comfortable proceeding with or denying staff's recommendations.

Finally, I cannot stress enough the benefits provided by Steve VanderMeer of Hometown Connections. His vast experience with public power and as a former city employee, his flexibility, and his judgment about how to work with a governing board were essential to this process. He encouraged us to work from visual displays rather than pages full of text. While our process is not yet complete, I am particularly pleased that today, our board members and staff can list our priorities quickly and from memory. ■

Erik Booth is manager of planning and utility compliance for the Marquette Board of Light & Power in Michigan.