

# GRU Strategic Planning Session 1

June 24, 2014

# Agenda

- Review Mission Statement
- Staff Identification of Performance, PEST and SWOT
- 18 Month Business Plan
- Vision Discussion
- Discussion of 3-5 Year Strategic Plan

# Mission Statement

- What is it?
  - A written declaration of an organization's core purpose and focus that normally remains unchanged over time
- GRU's Mission:
  - “To provide safe, reliable, competitively priced utility services in an environmentally responsible manner to enhance the quality of life in our community”

# Staff Identified Performance

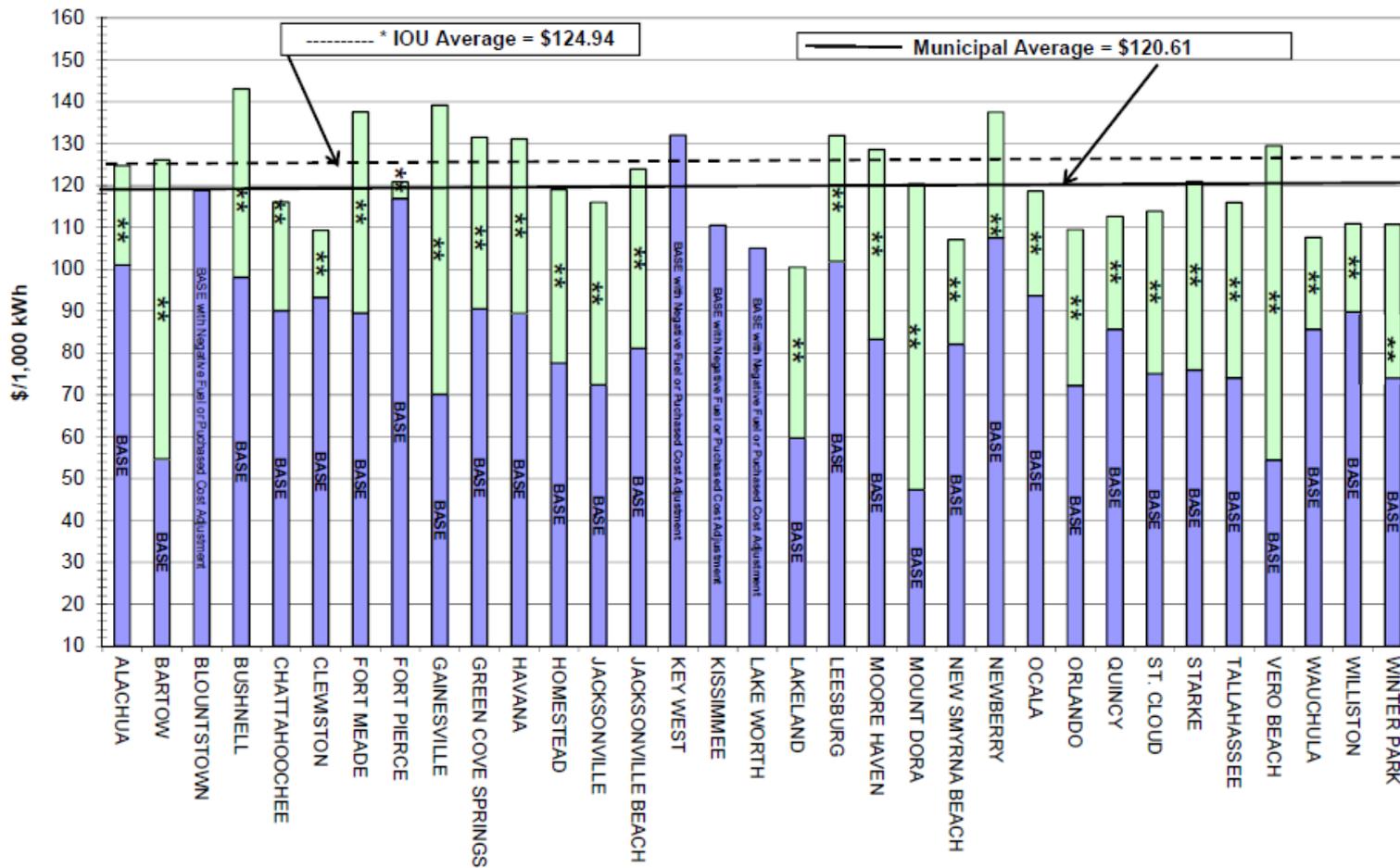
- Service reliability compares well
- Good financial standing - excellent bond ratings from Fitch, S&P and Moody's
- Gas rates are among lowest in the state
- Electric rates are not competitive
- Customer value/trust have slipped
- Employee morale has declined

# FY 2014 Key Performance Indicators (KPIs)

KPI	FY14 Status	KPI	FY14 Status
Customer Value		Environmental Responsibility	
System Reliability – Energy Supply		System Reliability – Energy Delivery	
System Reliability – Water		System Reliability – Wastewater	
Financial Strength – Expenses		Financial Strength – Sales	

# Electric Rates Are Not Competitive

Residential Bill Comparison, April 2014



\* Includes average 6% franchise fee.

\*\* Fuel, Purchased Power, or Cost Adjustment

# Last Year's Projection for 2015

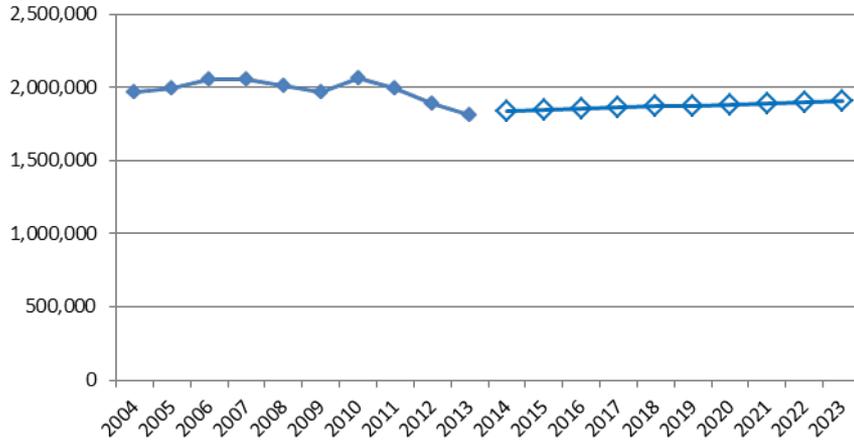
- An additional increase of nearly \$9.85 for a residential electric customer using 1,000 kWh

# Why Are Electric Rates Non-Competitive?

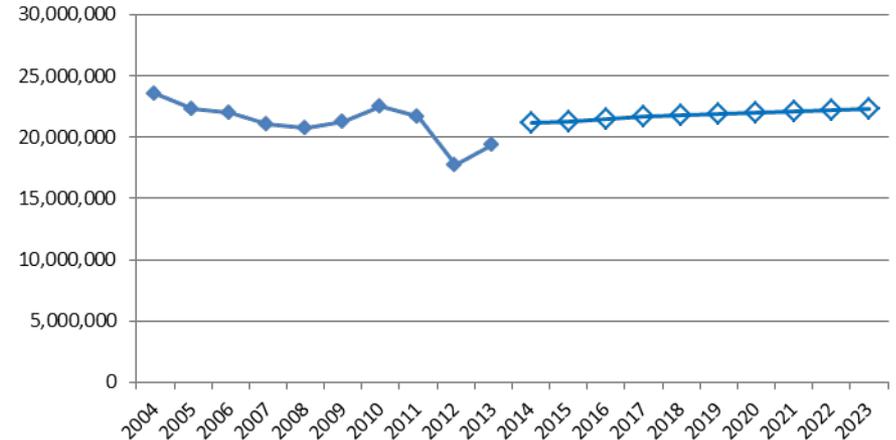
- Lower-than-forecast customer growth
- Lower-than-forecast electric sales
- Loss of wholesale sales
  - Seminole contract
  - Market sales
- Lower energy use by our customers, as in Florida and nationally
- The addition of new generation – GREC PPA

# Sales History and 2014 Forecast

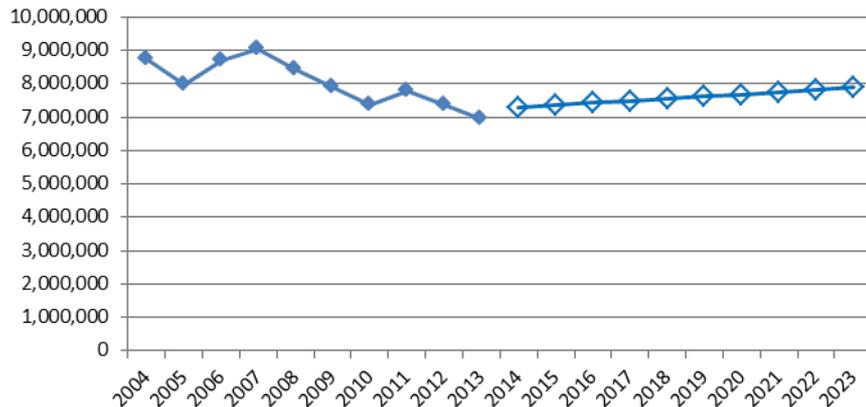
### Electric Sales (MWh)



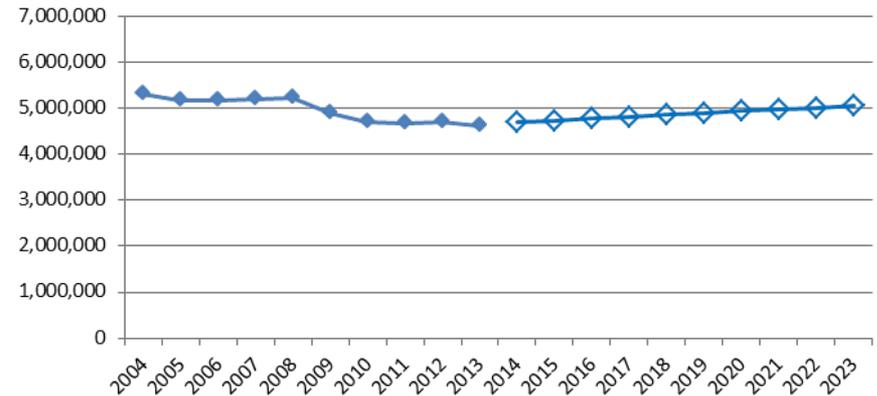
### Natural Gas Sales (Therms)



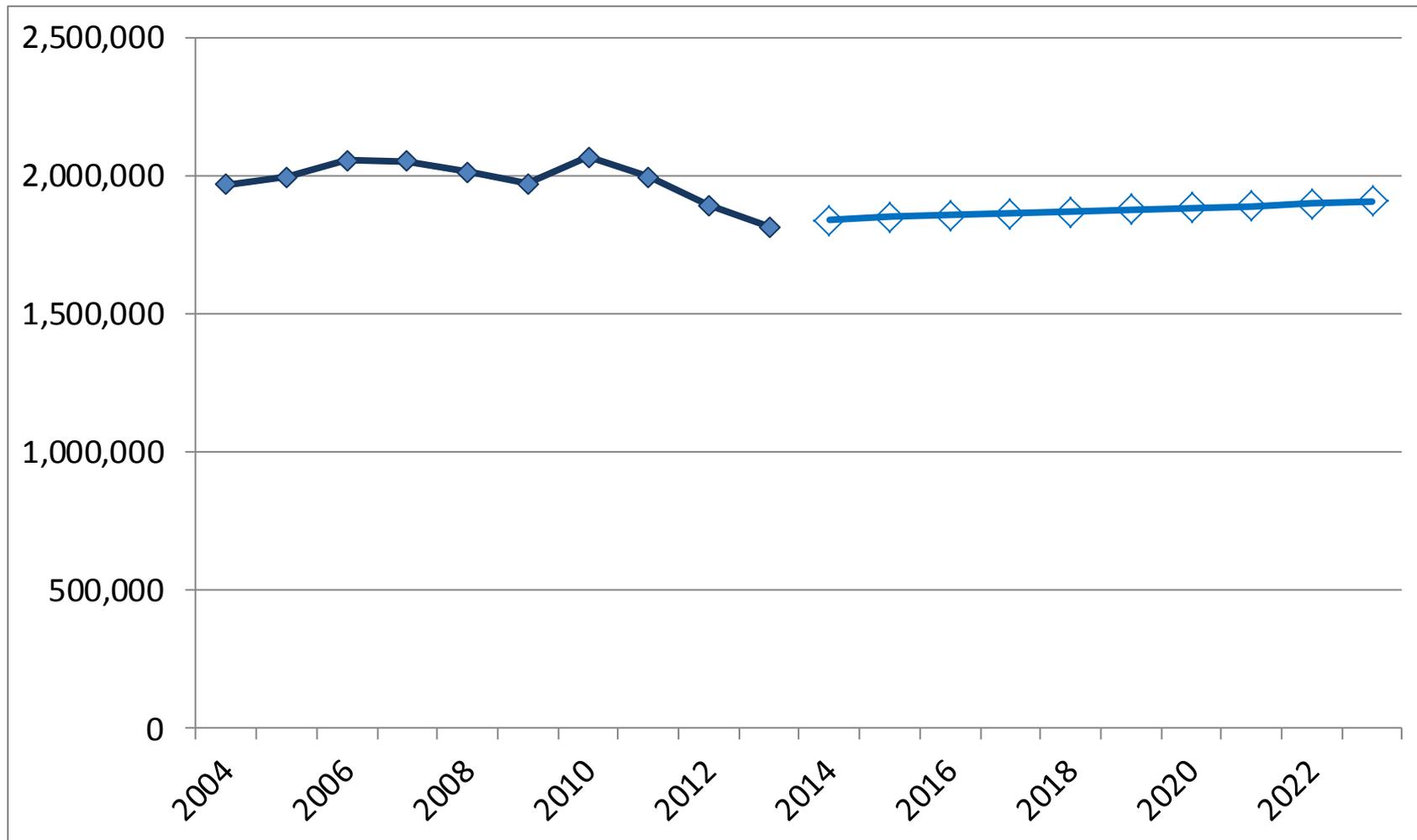
### Water Sales (Thousand Gallons)



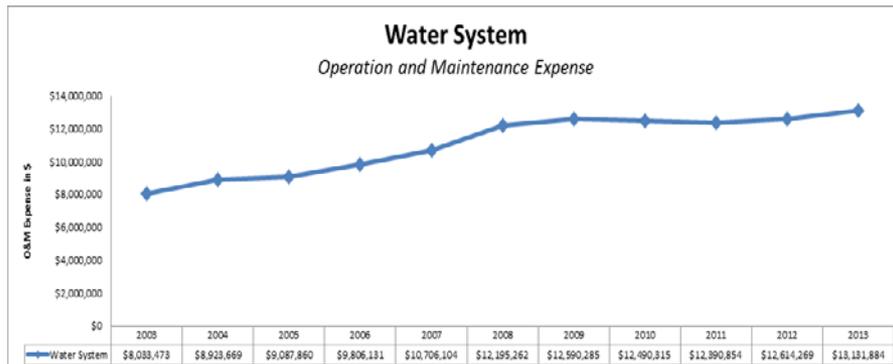
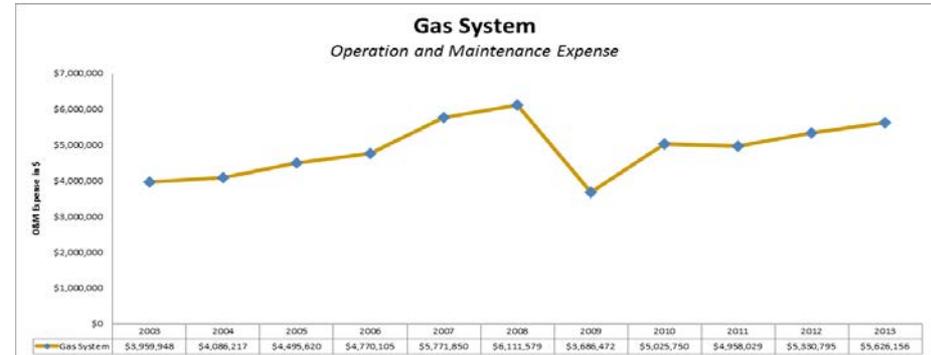
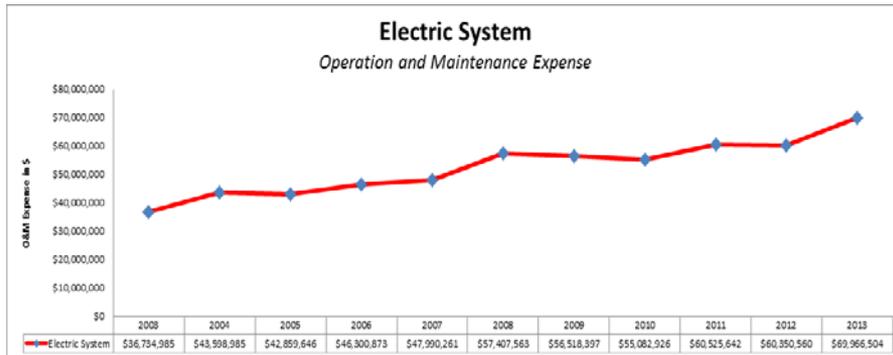
### Wastewater Billings (Thousand Gallons)



# Electric Sales (MWh)

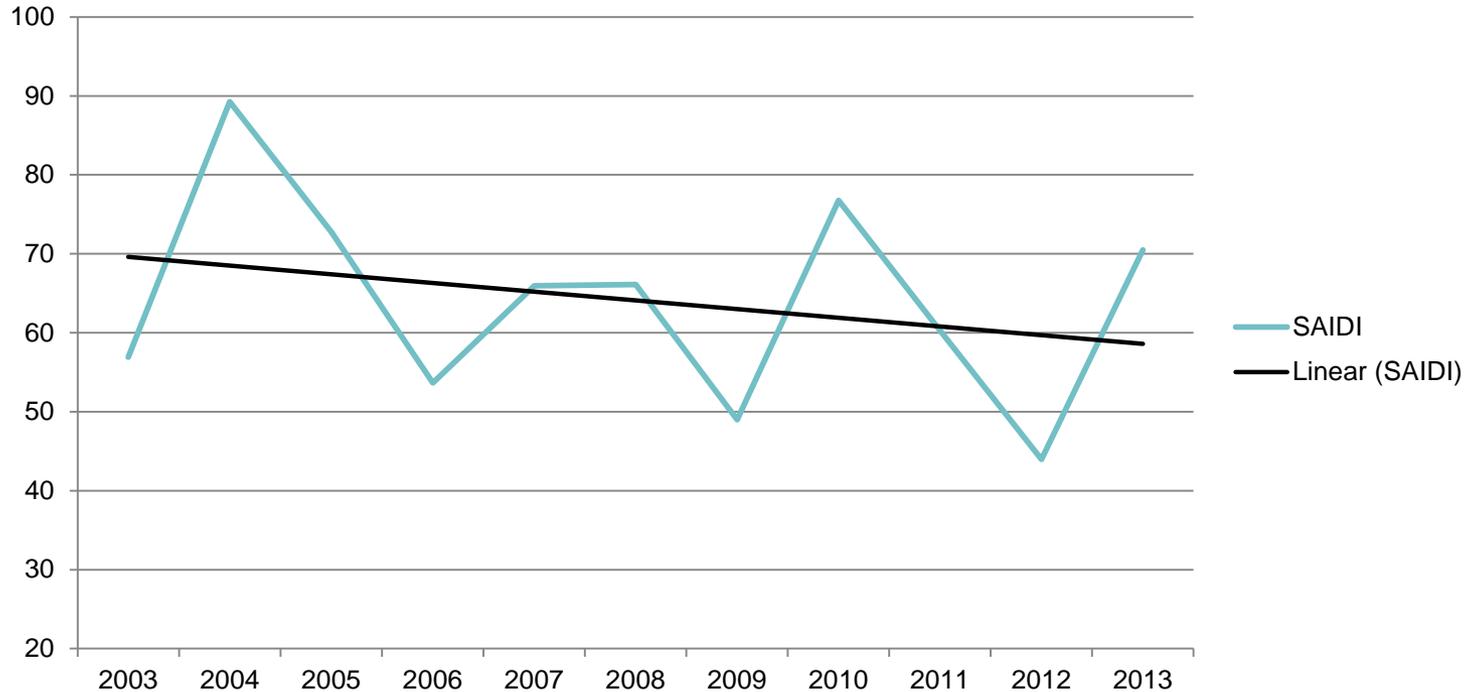


# O&M Expenses: Past 10 Years

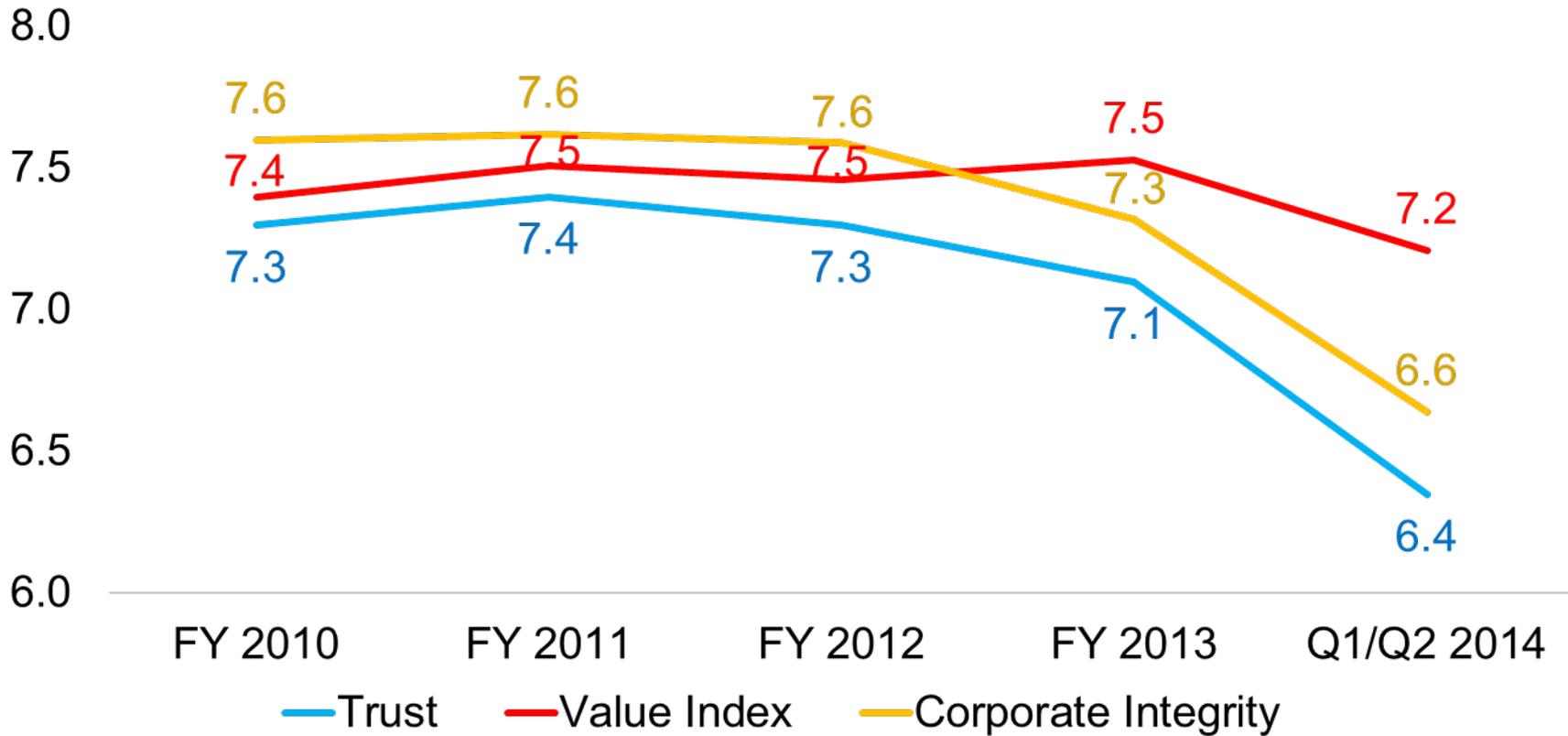


# Electric Distribution Reliability is Strong and Improving

System Average Interruption Duration Index  
(SAIDI in minutes)



# Customer Opinions



# PEST and SWOT Analysis

## PEST

- Political
- Economic
- Social
- Technological

## SWOT

- Strengths
- Weaknesses
- Opportunities
- Threats

# Financial

- Our customer base will continue to grow, but at a much slower pace than in the past
- Sales of electricity, gas & water will continue its downward/flattening trend
- Distributed generation such as solar will impact the sale of electricity
- Electric generation is losing its cost competitiveness
- Electric rates are not competitive
- Expenses are growing
- Natural gas and telecommunications are competitive services not restricted by boundaries

# Technology

- There will be additional requirements for Cyber & Grid security
- Customers will continue to demand to use technology with multiple devices both in familiar and new ways
- Funding for implementation of technology will continue to be a challenge
- Technological changes will continue at a fast pace
- Retention & records storage
- There will be a greater demand for smart infrastructure & meters

# Customer

- Electric prices are among the highest in the state
- Customer trust has declined
- Customers will continue to demand to use technology to conduct business
- Self service options are a preferred means for many, but not all
- Consumer expectations will increase while financial and human resources are strained
- Customers use of social media causes conflicts between timeliness and accuracy
- Diversity of customer base driving need for language translation services and other communication tools

# Social

- Regulation, community and local social needs will continue to impact decision-making (Minimum Flow Levels, use of Mountaintop Coal, Carbon Rule)
- Additional regulations will be promulgated putting upward pressure on rates
- GRU Board/Commission members can change each yearly election cycle
- Customers will need assistance for unique needs and concerns

# Workforce

- UF and Santa Fe are a resource for talent
- Employees are invested in the community
- Human resources are strained
- Lack of depth of personnel is concerning
- Seniority of current staff is concerning
- Attraction and retention of talent will be more challenging
- The expectation of employees will be diverse

# Strengths

- Strong technical ability to operate systems
- Skilled employees
- “AA” Bond Rating
- Fuel Diversity
- One bill provides customer convenience
- Reliable
- Good service delivery
- Dedicated employees

# Opportunities

- Expansion of services and service area
- Emerging technologies can help improve efficiency and service delivery
- Available generating capacity for resale
- Carbon legislation could make current generation more desirable

# Leadership Team Top Priorities FY2014/2015

- Non-competitive electric rates
- Trust and transparency with customers, public and City Commission
- Communication and trust among leadership team
- Employee morale and engagement

# 2014-2015 Business Plan

Business Drivers	Priorities 2014 -2015	Objectives
<b>Maintain Financial Strength</b>	<b>Reduce Electric System Revenue Requirements</b>	<ul style="list-style-type: none"> <li>- Lower O&amp;M Expenses by \$9.9 million</li> <li>- Lower Fuel Expenses by \$1 million</li> </ul>
	<b>Grow Revenues</b>	<ul style="list-style-type: none"> <li>- Increase Net Revenues by \$2.5 million</li> </ul>
<b>Deliver Excellent Service</b>	<b>Improve Customer Perception of Trust</b>	<ul style="list-style-type: none"> <li>- Improve Corporate Integrity Score to 7.0 on Customer Survey</li> <li>- Provide Timely, Consistent Information to Customers and the Public</li> <li>- Properly Prepare City Commission Agenda Items</li> </ul>
	<b>Ensure an Adequate Water Supply for the Community</b>	<ul style="list-style-type: none"> <li>- Secure 20-year / 30MGD Consumptive Use Permit</li> </ul>
	<b>Adapt to Changing Energy Demands for Customers</b>	<ul style="list-style-type: none"> <li>- Evaluate Future Energy Needs – Power 2020 Plan</li> </ul>
<b>Develop Engaged and Proficient Employees</b>	<b>Improve Employee Engagement</b>	<ul style="list-style-type: none"> <li>- Explain the “Why” When Communicating Decisions or Changes</li> <li>- Initiate Quarterly Updates With Virtual Q&amp;A</li> <li>- Provide Tools to Employees to Help Execute Strategy</li> </ul>
	<b>Improve Senior Leadership Team Effectiveness</b>	<ul style="list-style-type: none"> <li>- Increase Frequency of Strategic Discussion</li> <li>- Provide More Comprehensive and Timely Management Information</li> </ul>
	<b>Ensure a Safe, Ethical and Healthy Workplace</b>	<ul style="list-style-type: none"> <li>- Reduce Total Recordable Safety Cases per Man Hour</li> </ul>

# GRU Values

- What are corporate values?
  - Principles that guide an organization's internal conduct as well as its relationship with its stakeholders
- GRU's were developed by an employee work team
  - Customer Value
  - Safety
  - Professionalism
  - Efficiency
  - Environmental Responsibility

# Vision?

Mission: What we do now, how we do it (values) and for whom (customers and other stakeholders)

Vision: “A set of ideas that define a future state” Daniel Rasmus

Vision statement articulates a desired future that is shared by the stakeholders involved

# Vision Statement

Elements to consider when creating it:

- Future focused – forward looking
- Goal or dream
- Motivational, inspirational, aspirational yet
- Simple, straightforward so it's understood and
- Strategically sound

# Vision Statement

Elements to consider when creating it

Does it build on:

- Our history (pride and satisfaction of what we've built and done well for community and customers)
- Our uniqueness
- Our strengths and market position (in all or some business lines we have now or *should develop*)
- Our opportunities for growth

# Vision Statement

Today we want to give some thought to the ideal future that defines our purpose, through the lens of our values and gives direction to what we want to become.

# Three to Five Year Strategic Priorities

Considering the information available, we are looking for direction from the Commission on longer term strategic priorities...

Strategic Priorities – Overarching priorities the organization is focusing on for a given time period. Priorities have defined measures of success and are supported by Objectives.