



**COMMITTEE OF THE WHOLE MEETING
AGENDA**

August 16, 2016

**4:00 P.M. – 1201 S. Washington Ave.
Lansing, MI - REO Town Depot
Board of Water & Light Headquarters**

Call to Order

Roll Call

Public Comments on Agenda Items

1. Committee of the Whole Meeting Minutes of 05/10/16.....**TAB 1**

2. Closed Session Discussion (Attorney – Client Memo).....**DISCUSSION**
[MCL 15.268 (h); MCL 15.243 (g)]

3. Presentation and Discussion of the Proposed Strategic Plan.....**TAB 2**

4. Public Comment

5. Other

Adjourn

COMMITTEE OF THE WHOLE
May 10, 2016

The Committee of the Whole of the Lansing Board of Water and Light (BWL) met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:00 p.m. on Tuesday, May 10, 2016.

Committee of the Whole Chair, Dennis M. Louney, called the meeting to order and asked the Corporate Secretary to call the roll.

Present: Commissioners Dennis M. Louney, Mark Alley, Anthony McCloud, Tony Mullen, David Price, Ken Ross, Tracy Thomas, Sandra Zerkle and Non-Voting Members: Michael Froh (Meridian Township), Bill Long (Delta Township) and Robert Nelson (East Lansing).

Absent: None

Corporate Secretary declared a quorum.

Committee of the Whole Chair Louney deviated from the printed agenda momentarily to allow additional time for printing of the Integrated Resource Plan (IRP) packets.

Committee of the Whole Chair Louney, informed the Commissioners of an invitation that was provided to them at their seating areas regarding the upcoming 1st S.T.E.P. Award Ceremony that is being held on May 16, 2016.

Approval of Minutes

Motion by Commissioner Ross, Seconded by Commissioner Price, to approve the Committee of the Whole meeting minutes of March 8, 2016.

Action: Motion Carried

Public Comments

None

Public Act (PA) 295

Annual Energy Optimization Update

Sue Warren, Manager of the Energy and Eco Strategies Department, provided the Committee with the Annual Renewable Energy and Energy Optimization Plans/Report. This report is a Public Act requirement imposed by the State of Michigan's Public Service Commission (MPSC). Ms. Warren stated that according to Public Act 295, the BWL is required to provide the governing board with an update on last year's activities for each of those programs. The BWL

files an annual report with the MPSC and also provides notice to customers by way of BWL's *Connections* newsletter.

Energy Optimization 2015 Programs

- Services for Low Income Customers
- Residential Programs
 - High Efficiency Lighting
 - Appliance Turn-in & Recycling
 - Multi-Family Services
 - Energy Star Products/Equipment
- Business Prescriptive & Custom Incentives
- Energy Education Services
- Pilot programs

Program Highlights

- Education in the Community
 - Attended 31 local events with 7,300 attendees
 - Did 25 presentations to community
- Pilot Programs
 - Think! Energy (school program with Consumers Energy)
 - Michigan Saves Low Interest Financing

Ms. Warren reviewed the Million Kilowatt Hour Club status. The club was established to honor customers that participated in the BWL's efficiency programs and saved a million kilowatt hours. The goal of saving a million kilowatt hours can be accomplished by an accumulation of projects over several years.

Million Kilowatt Hour Club

New Members for 2015	
WMU Cooley	1,009,599
Sparrow Hospital	1,148,058
Ashley Capital & Peckham	1,197,029
General Motors	10,068,644
BWL	1,325,000

Previous Members	
State of Michigan DMB	Quality Dairy
Lansing School District	General Motors
Peckham Vocational Ind.	Ashley/Ryder
Demmer Properties LLC	

Annual Renewable Energy Update

Ms. Warren conveyed that the BWL Renewable Energy Program has met the Renewable Portfolio Standards (RPS) and due to the ability to carry forward Renewable Energy Credits (REC's), no additional renewable energy is needed until 2020.

Ms. Warren stated that the BWL will continue to work with Gro Solar for the utility scale project. Also underway is the development of community solar projects that will be located in East Lansing and Lansing.

BWL's current portfolio consists of the purchase of energy and Renewable Energy Credits for landfill gas from Granger, small amounts of hydro from Tower Clever, and wind from Exelon. In addition, the BWL owns a solar array on Cedar Street, a small array located on the roof of the BWL's Reo Headquarters facility and the BWL operates a hydro plant.

In conclusion, Ms. Warren stated that the BWL is continuing to look at renewable energy options. One of the things that the Citizens Advisory Committee (CAC) group is looking into

through the Integrated Resource Plan (IRP) process is determining how renewable energy fits in with the company's energy needs in the future.

Commissioner Ross inquired about being provided an energy optimization comparison in the future in order to determine how the BWL measures up against other municipal utilities.

Integrated Resource Plan (IRP) Presentation

Steve Transeth, Co-Chair of the IRP Citizen Advisory Committee (CAC), presented the CAC's recommendation. Mr. Transeth began by describing the process followed by the CAC and thanked the Committee members for their work on the Integrated Resource Plan (IRP).

Mr. Transeth indicated that the Committee met eight times from October, 2015, to April, 2016, and that the first six meetings were open to the public. He described the public meetings as "grounding" meetings that covered BWL operations, projections of energy needs, modeling assumptions and data, and scenario development. Mr. Transeth stated that the final two meetings were closed meetings to allow for deliberations.

The final meetings focused on adopting guiding principles for developing recommendations and reviewing the results of modeling scenarios. He indicated that the Committee also considered the results of the EPIC/MRA survey of BWL customers. The survey and guiding principles indicated that important planning goals include affordability, reliability, clean energy, and economic development.

Mr. Transeth stated that the Committee first reviewed three resource portfolios developed by the BWL, but rejected the market based portfolio because of cost, volatility, and the preference of Lansing area customers for local generation. He noted that the Committee members requested the BWL to run five additional resource portfolios, including three with 85MW of wind energy entering service in 2018.

Mr. Transeth explained that the Committee considered a recommendation to increase the energy efficiency component of the plan beyond the 1% annual savings amount. However, the Committee did not adopt this recommendation because of the impact on low income customers. According to Mr. Transeth, as sales decline, rates increase. For customers who can take advantage of energy efficiency programs, their bill may be lower because of the energy savings. However, many low income customers rent and landlords are reluctant to invest in more expensive energy efficiency products. As a result, low income customers are required to pay higher rates without benefiting with lower bills. The cost of utility service increases the most for these low income customers.

In addition to the resource portfolio, Mr. Transeth stated that the Committee was making additional recommendations, which are: (1) review the IRP at four year intervals, (2) regularly review the cost of renewable energy technology, particularly energy storage, and (3) explore opportunities to expand the BWL's energy efficiency program.

After deliberations, the Committee arrived at a recommendation that includes 85MW of wind in 2018, 40MW of solar energy in 2020, 100MW of natural gas generation in 2020, an additional

140MW of solar energy between 2020 and 2030, an additional 300MW of natural gas generation in 2030, and a 1% energy savings each year. Although this is not the lowest cost plan, it is not significantly more expensive than the reference (lowest cost) plan and results in a balanced plan that best meets the goals of affordability and clean energy while maintaining electric reliability within the BWL's service territory. Mr. Transeth also indicated that planning flexibility is also important.

By order of Committee of the Whole Chair Louney, the meeting recessed at 6:17 p.m. and reconvened at 6:34 p.m.

Proposed Strategic Plan Update

General Manager Peffley introduced Steve Brennan, Manager of Planning Business Development who presented the Committee of the Whole with the proposed Strategic Plan process.

Mr. Brennan stated that the purpose of the strategic plan is to provide guidance for fulfilling the mission of the organization. It affirms the mission and the values; it takes stock of our current situation and its future demands, outlines challenges, identifies potential approaches and recommends strategies for success.

Mr. Brennan clarified the following regarding the process and outcome of the new/revised Strategic plan:

Purpose

The purpose of the strategic plan is to provide guidance for fulfilling the mission of the organization. It affirms the mission and the values; it takes stock of our current situation and its future demands, outlines challenges, identifies potential approaches and recommends strategies for success.

Values

The values are enduring, passionate, and distinctive core beliefs. They are the guiding principles for the company. Our current values are reliability, environmental stewardship, affordability, community, and health and safety.

Mission

The mission statement clarifies the purpose of the organization and the values that guide it. It addresses both what the company seeks to accomplish and in which manner the organization will accomplish it.

Goals

The goals present a big picture of an ideal future condition as the utility desires it. They are a broad aim at what we want to accomplish. In our 2008 Strategic Plan, the goals were:

- Provide superior customer service
- Assure adequate energy supply
- Develop new management strategies
- Lead through community involvement.

Objectives

The objectives are specific measurable outcomes that are steps toward attaining a goal. In our 2008 Strategic Plan the objectives were:

- Developing a highly qualified, diverse, and effective work force
- Be recognized as a leader in community service
- Meet or exceed all environmental standards
- Be a good environmental steward

Strategies

Strategies are action statements that define the steps the company will take to achieve its objectives.

Mr. Brennan indicated that the BWL would like to do this in three phases:

Implementation – Phase 1

1. Start review of industry trends
 - Identify the resources we will use
2. Present to the Executives– email of individually
 - The purpose of the Strategic Plan
 - Definition of the Core Values
 - Current Mission Statement
3. Executives will:
 - Determine if the current Mission Statement reflects the Values
 - Perform SWOC analysis
 - Identify Managers and Subject Matter Experts (SMEs) for phase 2
4. Strategic Plan Team will:
 - Identify Goals and logical Objectives
 - Present the identified Goals and Objectives to the Executives
 - Incorporate feedback on Goals, if necessary
5. Executives approve the Goals

Implementation – Phase 2

1. Present to Managers and SMEs
 - Purpose, values, mission
 - Overview of Executive SWOC
 - Goals and Objectives
 - Overview of Industry Trends
2. Feedback on “What we are missing”
3. Perform SWOC analysis
4. Create Objectives and Strategies
5. Strategic Planning Team will put together draft

Implementation – Phase 3

1. Present draft to Executives in June
 - Gather feedback
 - Incorporate feedback into draft
2. Present draft to Commissioners in July
 - Gather feedback
 - Incorporate feedback into draft
3. Board of Commissioners approve Final Report in September

Mr. Brennan answered questions regarding the Strategic Plan. In summary it was stated that the Strategic Plan is a living document and recommendations from the Board’s perspective will be incorporated into the plan.

Central Substation Project

General Manager Peffley provided an update on the Central Substation project. Mr. Peffley informed the Committee that the staff attended the Parks Board hearing a few weeks ago where the Central Substation project received a 5-3 vote in support of the location. The next

step is to proceed to the Planning Board and then to the City Council for approval. If approved there is the possibility of construction, beginning in the fall.

Other

Human Resource (HR) Chair Tony Mullen provided each Commissioner with evaluation documents pertaining to its three appointed employees and indicated that he would also be emailing the documents to the Commissioners before the upcoming HR Committee meeting.

Public Comment

The following individuals stated their concerns regarding the IRP process:

Regina Strong, Sierra Club, Director of Beyond the Coal Campaign

Steve Raul, Lansing, MI

Dave Errickson, Lansing, MI

Lynn Stauff, Lansing, MI

Brad Van Guilder, National Sierra Club, in addition to stating his concerns regarding the IRP process, also provided a list of questions to the Commissioners and asked that they be addressed.

Jim Weeks, Executive Director of the Michigan Municipal Electric Association (MMEA) spoke in support of the IRP process.

Excused Absence

None

Adjourn

On Motion by Commissioner Price, Seconded by Commissioner McCloud, the meeting adjourned at 7:15 p.m.

Respectfully Submitted
Dennis. M. Louney, Chair
Committee of the Whole



BWL STRATEGIC PLAN 2016-2020

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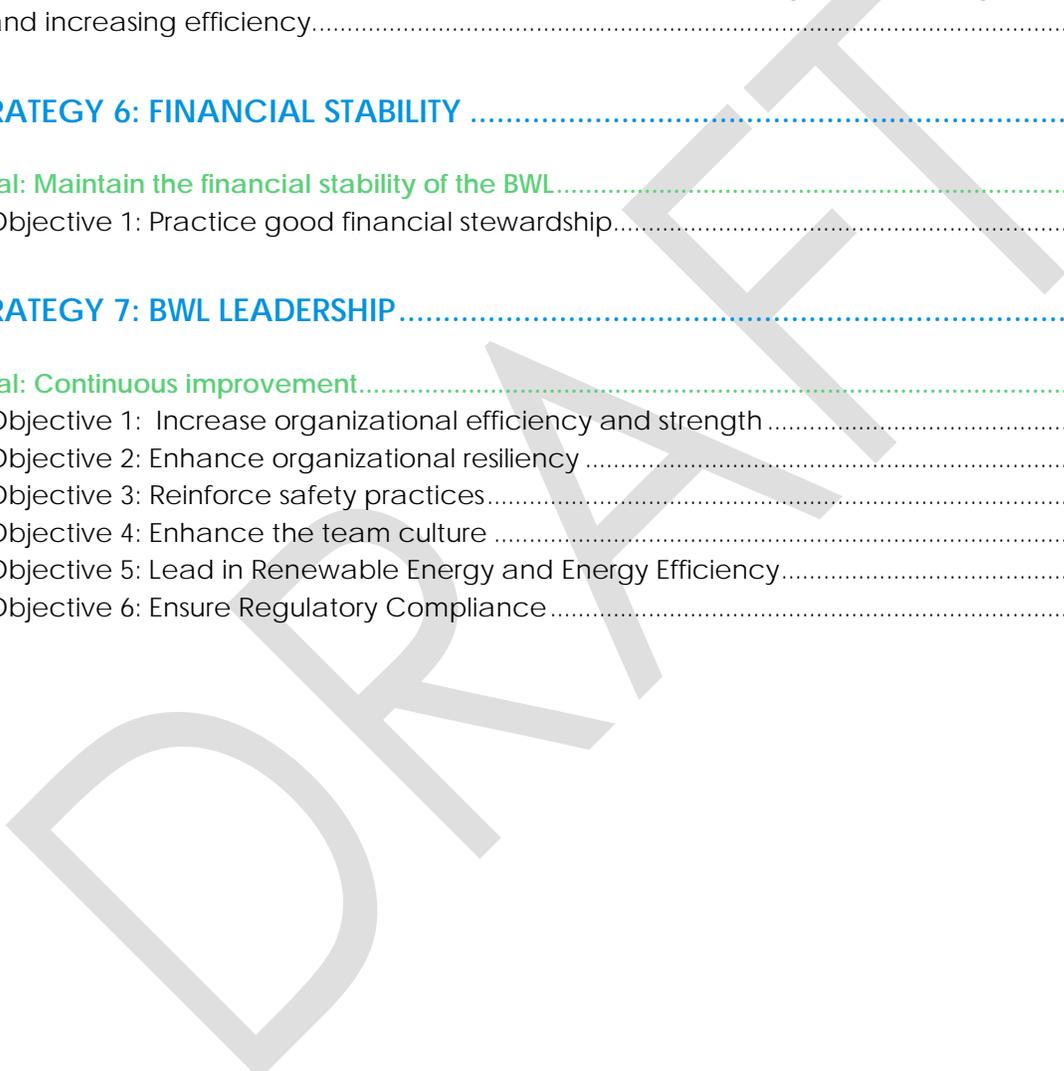
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Overview

Background

Nearly all utilities across the country, including the Lansing Board of Water & Light (BWL), face significant change over the next five years. The BWL General Manager and Board of Commissioners, working with BWL staff, have prepared an updated BWL Strategic Plan as a high-level tool, providing a “road map” of strategic goals and objectives to meet these changes while supporting the BWL Mission and Values.

To develop this Strategic Plan, BWL staff interviewed BWL Executive and senior staff, union leadership (IBEW 352), and subject matter experts across the organization. Each interview consisted of an evaluation of the BWL’s current mission and values statements and an assessment of the BWL’s strengths, weaknesses, opportunities, and challenges (SWOC).

The evaluation and SWOC assessment processes allowed for refinements to be made to the Mission and Values statements that were reflective of the common feedback gathered during the interviews. The revised Mission and Value statements serve as the foundation for the Strategic Plan.

The assessment processes also identified common challenges and opportunities, allowing the development of strategies and objectives to meet them. These strategies and objectives are the essence of the BWL’s strategic direction, allowing the BWL to address the challenges and opportunities while providing a common understanding of the strategic goals for communication and planning at all organizational levels.

Revised Mission Statement

The BWL’s mission statement explains the purpose and priorities of the company. The mission statement helps direct the work of BWL employees, provides guidance and makes a commitment to serving its customers.

We are dedicated to producing and delivering safe, reliable, and affordable utility products and services to the City of Lansing and the Greater Lansing Region. Together, the BWL’s Board, management, and employees are committed to a future of sustainable growth that enhances the overall well-being of BWL customers and the community.

Revised Value Statements

The BWL's values are the guiding principles to which its employees adhere in the conduct of the BWL's business. They express the shared beliefs and behaviors that guide interactions with the community, customers, and each other.

Exceptional Service: *The BWL is dedicated to serving its customers and community by providing exemplary and reliable utility products and services.*

Competitive Rates: *As a publicly owned utility, providing competitive and affordable rates to its customers is integral to the economic well-being of the Lansing region.*

Safety: *The safety of its employees and customers is a priority.*

Community Commitment: *The BWL is committed to active corporate citizenship that advances the community's economic and cultural well-being.*

Integrity: *The BWL will instill community trust by conducting its business in a manner that is open, honest and fair.*

Inclusion and Equity: *The BWL values and respects the individuality and diverse background of our customers and employees and considers these an asset to the BWL and the community.*

Environmental Stewardship: *BWL practices and policies will demonstrate our commitment to a healthy and sustainable environment.*

Challenges/Opportunities

Some of the significant high level challenges/opportunities that were identified include:

Retirement of BWL Eckert Station: In 2015 the Lansing Board of Water and Light (BWL) announced plans to close the coal-fired Eckert Station by January 2020. The retirement of Eckert will create a shortage in the energy and capacity available to serve the BWL's customers therefore impacting affordability and reliability. In fall of 2015, the BWL embarked on an open and transparent Integrated Resource Planning (IRP) process to consider the best options for continuing to serve our customers. The BWL assembled a nine member Citizen Advisory Committee (CAC) tasked with preparing a recommendation for the Board of Commissioners. The CAC presented its report with recommendations to the Board on May 10, 2016.

Changing customer expectations: With the advances in digital technology, information availability and mobile devices, BWL customers now expect more information and control over their services. In addition to immediate feedback on outages and restoration to mobile devices, the ability to monitor and control electric usage by remotely reading meters and remotely controlling thermostats, water heaters and appliances is needed. Technology will allow for more closely tailored services to meet customer needs. In addition, the BWL's customer service will become more efficient, with "real-time" turn - on and turn - off services, along with enhanced online payments and arrangements directly and immediately posted to their accounts.

Aging infrastructure: The BWL is in the beginning stages of an extensive five - year plan to upgrade and strengthen the resiliency of its electric transmission and distribution system. The last time extensive upgrades were made to this system was in the 1980s. In addition to the electric system, the BWL is also planning for extensive upgrades to its water and steam transmission and distribution systems and its chilled water infrastructure.

Aging and evolving workforce: Over 20 percent of the BWL workforce is eligible to retire, and within a couple years that number will grow to nearly 30 percent. It is imperative for the company to prepare for succession and transfer of knowledge from these employees. At the same time, the BWL must determine the best approach to train BWL employees that are either going to be displaced (e.g. those engaged in daily work at Eckert Station) or are going to be taking on new positions supporting technology that will be implemented as a result of following this strategic plan.

Evolving environmental and regulatory requirements: The BWL faces many new environmental regulations such as the Clean Power Plan. These new regulations have the potential for a significant impact on existing plants such as Erickson. Compliance requirements are an increasingly important component of long-term planning. In addition to environmental regulations, to support reliability of the electric grid, the Federal Energy Regulatory Commission (FERC) and the National Electric Reliability Company (NERC) have implemented rigorous reliability and security standards with which utilities like the BWL must comply. These standards are continually changing, becoming more stringent and impacting nearly every aspect of operation from access to the grid to the protection from cyber threats.

Achieving financial performance targets: To address the significant challenges that have been identified, the BWL will make significant financial investments.

Controlling the impact on customer rates and BWL competitiveness while supporting these investments will be an on-going challenge.

Water Regionalization: The BWL is already a supplier of high quality drinking water to many communities in the Greater Lansing area. As regulations and focus increases on drinking water systems across the state and country, the BWL can play a larger role in the Greater Lansing area through consolidation of existing systems.

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Strategic Goals

Seven strategic goals were created from common themes that arose from both the interviews and SWOC analysis. These goals are designed to address the areas where there will likely be challenges to the BWL's ability to meet its mission. These are areas where the majority of the company's resources should be focused for this plan. For each strategy there are one or more objectives that need to be met in order to address the future challenges or take advantage of future opportunities.

Strategy 1: Customer Experience

Goal: Enhance the customer experience

Unlike investor owned utilities, the BWL was created by the citizens of Lansing to serve their needs for water and electricity. The BWL has grown to offer additional services and to serve the greater Lansing community while continuing to be responsive to its community owners.

As a customer owned utility, meeting customers' needs and expectations is very important. With the growth in the use of mobile devices and the growing interest in online services, the BWL has identified four Objectives to continue to enhance our customer experience:

Objective 1: Anticipate and meet customer expectations

- 1) Routinely survey customers to assess their needs
- 2) Customize and personalize products, services and information access to address customer needs

Objective 2: Improve customer interactions and communications through phone, web or mobile device

- 1) Undertake a customer experience survey to determine best-in-class processes and technology
- 2) Continue the implementation of advanced metering infrastructure (AMI) throughout the BWL system

- 3) Implement new industry technologies that take advantage of AMI by giving customers access to their usage data and helping them manage their use, e.g. through access to thermostats and appliances
- 4) Implement new technologies that provide customers with services more closely tailored to their needs, including better access to their account for information and payments, payment arrangements, and turn on/off supporting service
- 5) Provide best-in-class outage reporting, restoration and communication

Objective 3: Provide customer-focused rates

- 1) Review and revise rate structures to respond to changing customer composition and needs such as time-of-use rates

Strategy 2: Community Involvement

Goal: Enhance the well-being of our customers and community

As a municipally owned utility, the BWL is an integral component of the social and economic fabric of the greater Lansing area. Through participation and collaboration in community initiatives, the BWL plays an important role in helping to make the greater Lansing area thriving and economically vibrant as well as culturally and socially desirable. Attracting residents and businesses to the community with reliable utility services at a competitive cost helps to promote the community's growth. For over a century the BWL has fulfilled this mission and has continued to expand its products and services into surrounding communities. The BWL has identified two Objectives to help achieve the goal of enhancing the well-being of our customers and community:

Objective 1: Be a catalyst for economic and community development

- 1) Keep rates competitive
- 2) Serve as a partner with regional economic development agencies to promote economic growth in the greater Lansing community

Objective 2: Contribute to Lansing's social and cultural environment

- 1) Continue to promote sustainability within the Lansing community through partnership with the Mayor's Live Green Lansing program and the BWL's energy efficiency and renewable energy programs
- 2) Continue to sponsor cultural events that enrich the greater Lansing's social fabric and make it an attractive place to live and work
- 3) Continue to be environmental leaders
- 4) Enhance communication and outreach to our customers, neighborhood associations and community leaders
- 5) Improve the hometown brand recognition

Strategy 3: Effectively Acquire and Manage Resources

Goal: Acquire and manage BWL assets in an efficient manner to ensure an adequate and reliable supply of utility services to the Greater Lansing community

By owning its own production and distribution assets, the BWL has been able to fulfill its mission of providing reliable, affordable, and environmentally sound utility products. The BWL owns and operates a complex mix of production, distribution, and transmission assets. The BWL must plan, construct, and maintain facilities in an efficient manner. To support the proper acquisition and control of physical assets, three Objectives were adopted:

Objective 1: Improve transmission and distribution reliability and flexibility

- 1) Continue the commitment to a five- year plan of intensive upgrades to the electric T&D system
- 2) Invest in smart grid technology
- 3) Complete the drinking water lead service replacement program
- 4) Maintain a plan and implementation schedule to replace and upgrade sections of the water and steam distribution systems
- 5) Develop automated interfaces between electric transmission and distribution system devices and customer meters with our Outage Management System

Objective 2: Fully integrate asset management principles for each utility

- 1) Evaluate and implement improved business processes, standards, and certifications
- 2) Implement utility industry best practices for asset management
- 3) Develop appropriate asset management training for employees
- 4) Create a team culture at the BWL that values and complies with asset management principles

Objective 3: Maintain BWL's status as a regional utility services provider

- 1) Plan for and replace the Eckert energy and capacity with a balanced portfolio of generation resources that include renewable energy, energy efficiency investments, customer programs and new generation
- 2) Maintain local generation to ensure generation reliability
- 3) Periodically review the IRP to ensure plans are up to date with modeling data, compliance expectations, and generation options
- 4) Review the demand and production capacity of the BWL's water, steam, and chilled water utilities
- 5) Investigate and compete for new business and new services

Strategy 4: Implement New Technologies

Goal: Support our customers and employees through enhanced use of technology

Nearly all of the BWL strategic objectives depend on the use of technology to some degree. Technology is needed for everything from enhancing the customer experience, to asset management, to systems that control the transmission and distribution systems, to systems that protect corporate and control systems from cyber threats. The BWL has identified two Objectives to ensure use of technologies:

Objective 1: Support existing and planned projects with IT infrastructure

- 1) Update the Information Technology Strategic Plan to coordinate with both industry best practices and planned BWL strategic and capital initiatives

- 2) Select and maintain reliable, cost-effective, efficient, supported, redundant and secure IT systems and communication networks
- 3) Apply business process management methodologies to create and measure business value throughout the life cycle of each technology system implementation

Objective 2: Enhance IT and communications technology

- 1) Identify, prioritize, acquire and implement technology enhancements to support the business needs
- 2) Continuously research and compare the current best practices as well as state-of-the-art technologies being tested and deployed by best-in-class organizations
- 3) Identify the necessary experience, skills, and education needed for management and use of the new technologies

Strategy 5: Workforce

Goal: Maintain a strong and diverse workforce

The BWL's skilled and dedicated workforce is its strongest asset. To best serve our customers, the BWL must have a work force that is motivated, has the skills necessary to safely and efficiently operate its assets and is reflective of the cultural diversity of the greater Lansing region. Four workforce Objectives were adopted to emphasize the importance and value of "Hometown Power. Hometown **People.**"

Objective 1: Attract and retain a diverse and highly skilled workforce

- 1) Continue to invest in training and development programs for employees
- 2) Ensure our workforce reflects the diversity of our community
- 3) Maintain a competitive total compensation package for all positions
- 4) Creatively use a diverse portfolio of tools such as social media to attract potential applicants

Objective 2: Prepare for transformation of our workforce

- 1) Ensure that we have the ability to effectively manage the loss of human capital and institutional knowledge by utilizing succession planning for critical positions

- 2) Transition BWL employees who are directly or indirectly impacted by BWL change (e.g. implementation of technology and Eckert retirement)
- 3) For each area, determine a balance between internal resources needed to meet on-going work load and external resources needed during peak demand periods

Objective 3: Provide more opportunities for a custom work experience that benefits both the employer and employee

- 1) Update and improve job progression plans and job descriptions to incorporate the new technologies and required skillsets
- 2) Consider more flexible fringe benefits and work schedule options
- 3) Continue to promote health and wellness programs

Objective 4: Pursue excellence by creating a work place environment that seeks to enhance current practices with the intention of adding value, making improvements, and increasing efficiency

- 1) Define, establish and maintain an effective quality assurance processes and systems
- 2) Encourage employee engagement
- 3) Assign responsibility and accountability to employees utilizing a system to analyze and measure the process in terms of risk to assets, safety and customers

Strategy 6: Financial Stability

Goal: Maintain the financial stability of the BWL

All of the BWLs ongoing efforts and strategic initiatives require funding. The balance between providing this funding with the impact on customer rates requires a comprehensive financial plan and rate strategy. One Objective has been included in this plan to address Financial Stability:

Objective 1: Practice good financial stewardship

- 1) Develop a Financial Plan that includes a rate strategy that provides financing for the BWL's capital program, replacement generation needs, and results in competitive rates for customers
- 2) Maintain an above average bond rating for municipal utilities

- 3) Identify cost savings through process improvement initiatives and return on investments with minimal impact on operations or employees
- 4) Commit to reviewing and achieving our targeted rate of return consistently to support the objectives

Strategy 7: BWL Leadership

Goal: Continuous improvement

BWL Leadership recognizes that in a changing world the BWL needs to not only change, but continually improve. Improvements to the BWL's emergency resiliency plan helped the Company overcome hardships such as the 2016 cyber-intrusion and has made the company an emergency management hub for the region. Improvements in our renewable energy portfolio and energy efficiency have helped the BWL to become a leader in these areas. This culture of continuous improvement needs to not only continue, but be reinforced in order for the BWL to maintain its role among municipal utilities. Our processes, revenues, energy portfolio, safety practices, compliance, even our leadership and organizational structures need to evolve to meet the changing needs of the organization and our community.

Objective 1: Increase organizational efficiency and strength

- 1) Evaluate organizational reporting structure and its ability to efficiently and productively meet current and near future organizational requirements
- 2) Evaluate, prioritize and improve business practices and processes

Objective 2: Enhance organizational resiliency

- 1) Coordinating with other regional entities, enhance resiliency to external events, including storms, accidents, cyber incidents and terrorist attacks

Objective 3: Reinforce safety practices

- 1) Complete Phase II of the BWL's safety assessment

Objective 4: Enhance the team culture

- 1) Communicate the connection between the Mission, Values and Strategic Plan
- 2) Effectively communicate corporate objectives and priorities and their status
- 3) Continue to support the Balanced Scorecard approach as a tool to balance financial, customer, operational and personnel efforts

Objective 5: Lead in Renewable Energy and Energy Efficiency

- 1) Continue to look for and develop opportunities to cost-effectively expand the BWL's renewable energy portfolio and energy efficiency savings

Objective 6: Ensure Regulatory Compliance

- 1) Continue to develop and update plans to ensure compliance with all applicable regulations, including environmental, electric reliability grid, drinking water, security (physical and information) and safety