

Management Perspectives on Governance: At the Retail and Wholesale Level

American Public Power Association
National Conference

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OVERVIEW

- Introductions
- Governance vs. Management – Roles and Responsibilities
- A Model for an Effective Public Power Enterprise
- Developing Effective Communication Techniques
- Case Study: Elk River Municipal Utilities
- Case Study: Minnesota Municipal Power Agency
- Conclusions
- Questions

WHO WE ARE: INTRODUCTIONS



**Troy
Adams**

*General Manager, Elk River Municipal
Utilities*

*Treasurer and Member of the
Minnesota Municipal Power Agency
Board of Directors*



**David
Niles**

Vice President, Avant Energy

MMPA Management

Elk River Municipal Utilities



- Medium Sized Electric and Water Utility
- Providing Power to Customers Since 1915
- 5 Member Commission, Autonomous from City
- 12,000 Electric and 5,000 Water Customers
- 71MW Electric Peak, 5M Gal/Day Water Peak
- Provides Electric in 4 Cities, 3 Counties
- 48 Square Mile Electric Service Territory
- 45 Employees

Minnesota Municipal Power Agency

- All Requirements Joint Action Agency
- Providing Power to Members Since 1995
- 12 Minnesota Members
- Provide Power to 159,000 Minnesotans
- Annual Sales of 1,900,000 MWh
- Peak Load of Over 400 MW
- Efficient Portfolio of Natural Gas and Renewable Generation

Governance & Management

Roles and Responsibilities, Governing Bodies

- Set Policy Establishing Desired Results through Acceptable Means
- Approve Capital Expenditures and Budgets
- Hire and Fire Management; Evaluate Management Performance
- Monitor Organizational Performance
- Comply with Legal and Fiduciary Responsibilities

Governance & Management

Roles and Responsibilities, Management

- Implements the Board's Policies
- Runs the Day to Day Business
- Helps Governing Bodies Make Good Decisions
- Deliver Desired Results to the Intended Beneficiaries at Acceptable Costs

***A Model for
an Effective
Public
Power
Enterprise***

Key to Public Power Success:
Local Control

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Key to Public Power Success:
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Develop a Good
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DECIDE

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Make Good Decisions

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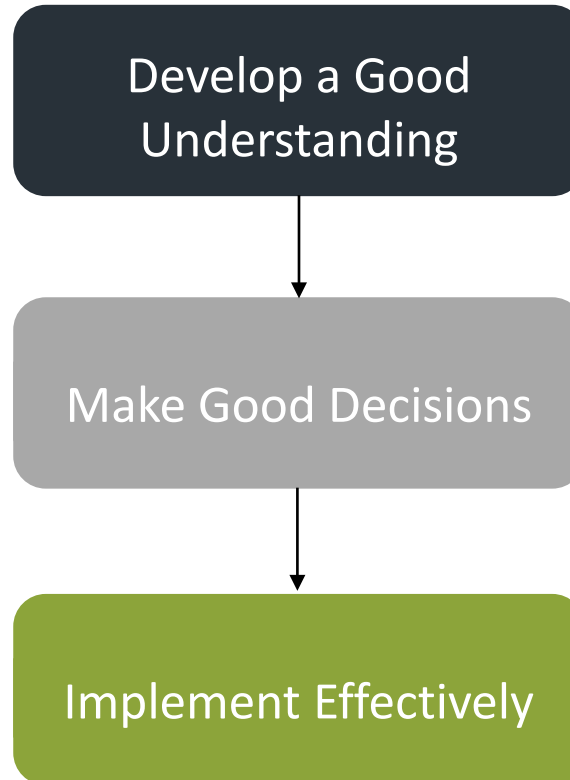
Implement Effectively

Governance & Management

Responsibilities

Governance

- Perform Due Diligence
- Ask Questions
- Act In Organization's Best Interests
- Monitor Management



Management

- Provide Background & Context
- Provide Alternatives
- Explain Benefits and Risks
- Report to Management

Developing Effective Communication Techniques

Provide Appropriate Context

- Governing Body Members Usually Aren't Experts in Public Power

Don't Be Overly Technical

- Define Acronyms, Avoid Jargon

Remember Where You Left Off

- Management Lives These Issues Each Day; Governing Body Members Only Once or Twice a Month

Provide Alternatives Where Possible

- People Don't Like Only Having One Choice

Discuss the Risks and Issues of Each Alternative

CASE STUDY:

Elk River

Municipal Utilities



Expansion of Commission Membership

- Appropriately Sized
- Informed and Engaged

Implementation of Governance Policy

- Clearly Defined Purpose and Roles
- Establish Criteria to Measure Performance Against

Board and Management Relationship

- Board Has One Voice
- Board Has One Employee
- Board Responsible to Establish Vision and Goals
- Board Responsible for CEO Performance
- Board Responsible for Board Performance



Minnesota Municipal Power Agency

CASE STUDY:

*Minnesota Municipal
Power Agency*



Minnesota Municipal Power Agency

Challenges to Keeping Interests Aligned

– Diversity of Cities

- Large vs. Small
- Suburban vs. Rural
- All Requirements vs. WAPA

– Varying Board Member Backgrounds

- City Councilors
- City Administrators
- Utility Managers



Minnesota Municipal Power Agency

Techniques for Keeping Interests Aligned

- All Members Get a Seat on the Board
- Discussions with Broad Participation
- Rate Schedules and Opportunities that Are Available to All

Conclusions

- Public Power Success Requires Trust and Partnership Between Governance and Management
- Effective Communication is Critical
- Management Supports Governing Bodies in Making Good Decisions

QUESTIONS?