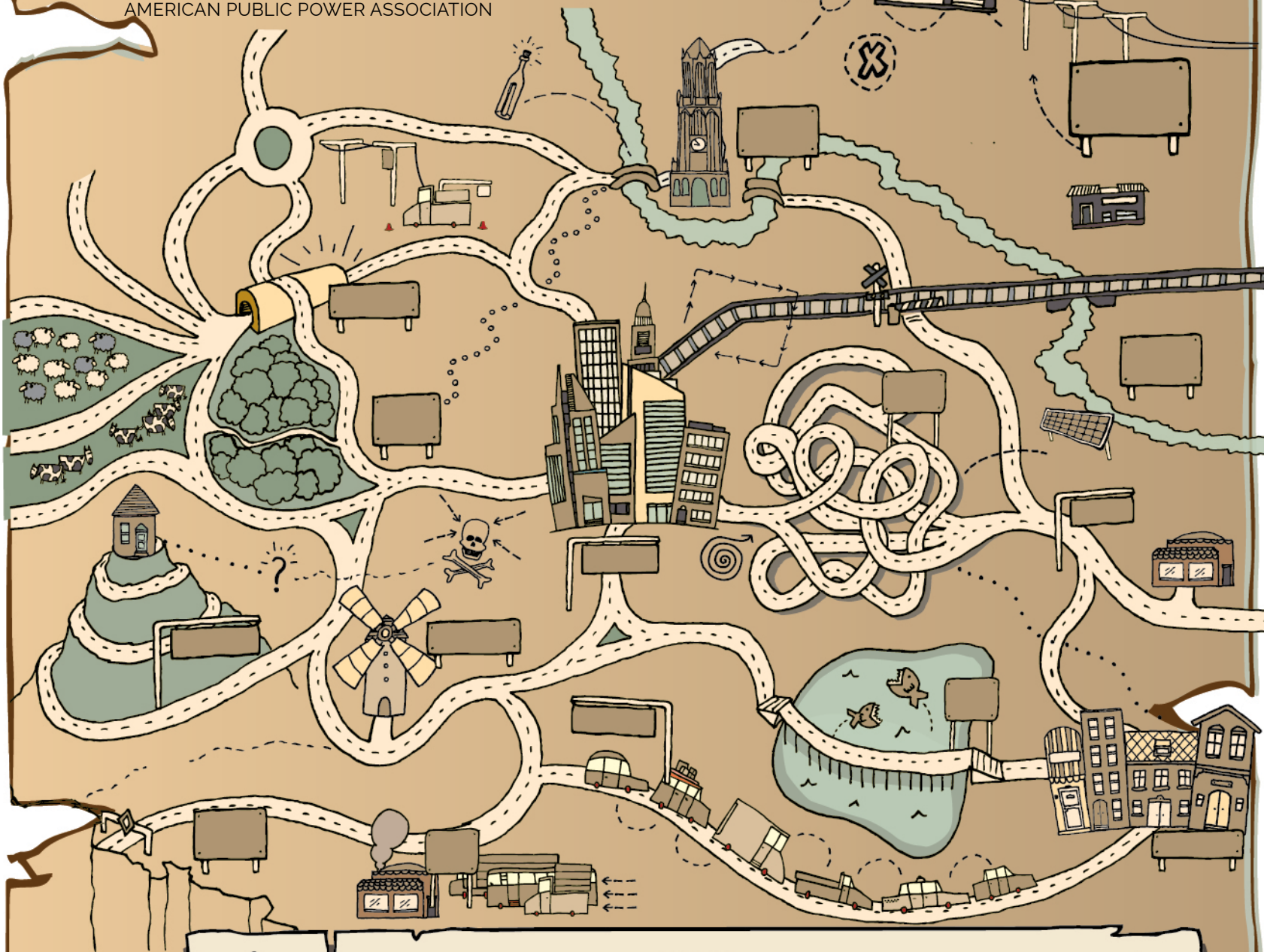


JANUARY/FEBRUARY 2019 • VOL. 77 / NO. 1

PUBLIC POWER MAGAZINE

AMERICAN PUBLIC POWER ASSOCIATION



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The American Public Power Association is the voice of not-for-profit, community-owned utilities that power 2,000 towns and cities nationwide. We advocate before federal government to protect the interests of the more than 49 million customers that public power utilities serve, and the 93,000 people they employ. Our association offers expertise on electricity policy, technology, trends, training, and operations. We empower members to strengthen their communities by providing superior service, engaging citizens, and instilling pride in community-owned power.

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PUBLIC POWER LINES

SUE KELLY, PRESIDENT & CEO, AMERICAN PUBLIC POWER ASSOCIATION

PublicPowerisGoodforBusiness

When I arrived at the Association as its general counsel in 2004, our board chair was Jan Schori, general manager of the Sacramento Municipal Utility District. She was truly inspiring for me—a woman CEO at a large public power utility, very smart and able, but not afraid to poke fun at herself. During her farewell speech at the 2005 National Conference at the end of her term as chair, she jokingly donned a wedding veil because she had gotten married during her term! I remember thinking, “this is a group of people I will really enjoy working for—they are not afraid to have some fun.” Jan retired from SMUD, but now serves on the NERC Board of Trustees, so luckily, we in public power still get the advantage of her wisdom and skill.

When Jan was chair, her signature initiative was a campaign called “Public Power Is Good for Business.” It is as true now as it was then. We in public power have long been a vital part of supporting our communities. We are an integral part of the community and our successes are shared with our community members. When our communities thrive, so do we.

There are many measures that indicate a community’s success, such as low unemployment, growing revenue, thriving businesses, and adequate housing. These measures all impact each other, and all are nurtured by economic development.

When I visit members, I often get the chance to see how closely businesses are tied to the community. I recently visited Austin, Minnesota at the invitation of Mark Nibaur, general manager at Austin Utilities. I saw very quickly how big an economic force Hormel, which has its headquarters and a plant that makes its iconic Spam there, is within the city. Kelly Lady, Austin Utilities’ marketing and energy services manager, drove me by the plant, which is immense. She then accompanied me on a visit to the Spam Museum on Austin’s Main Street. Many members of Lady’s family have worked for the company and she was able to share lot of history and information as we went through the museum. Plus, the Hormel Institute of the University of Minnesota (funded by the Hormel Foundation) does cutting edge cancer research there. Hormel is clearly woven into the fabric of the city.

We all know that vying for new business customers is a fiercely competitive proposition. The Association just had a ringside seat for the announcement that Amazon is locating one of its HQ2 sites in Crystal City, Virginia — we were here before it was cool! How do we as public power utilities distinguish our communities? Low rates and high reliability (and increasingly, environmental responsibility) are important, but there is more.

As noted in the article on shared success (see page 6), companies are increasingly interested in what the full community has to offer and want to be an integral part of the communities in which they set up shop. Corporate entities are now talking the talk of community involvement, but public power has been walking the walk for decades. Corporations are trying to brand themselves as having the advantages we have already long offered our communities.

From the revenue and services we contribute back to the city (see page 40), to the relationships we maintain with the businesses and industries that drive our economy (see page 16), and the advantages we offer to attract new business (see page 24), public power is a critical piece of a community’s economic success.

We’re 2,000 strong, but having a public power utility is a special advantage for a community. A well-run public power utility can be a jewel in the crown of the community it serves. However, we haven’t always played up community ownership or taken full advantage of our position of influence to make sure that our business customers know we are aligned with our community’s vision.

Whether your utility has long served on economic development boards or you are considering how and where to step up your game, this issue of Public Power Magazine can offer some inspiration and guidance on how you can use this advantage to support your community’s vitality.

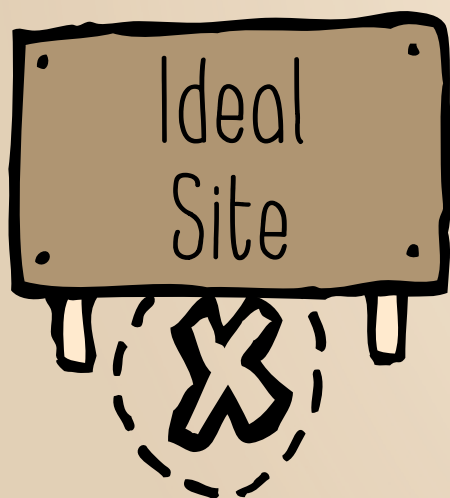
We have little to lose and much to gain by being active participants in economic development efforts. As Jan taught me, public power is good for business!





SHARED SUCCESS: THE UTILITY'S ROLE IN ECONOMIC DEVELOPMENT

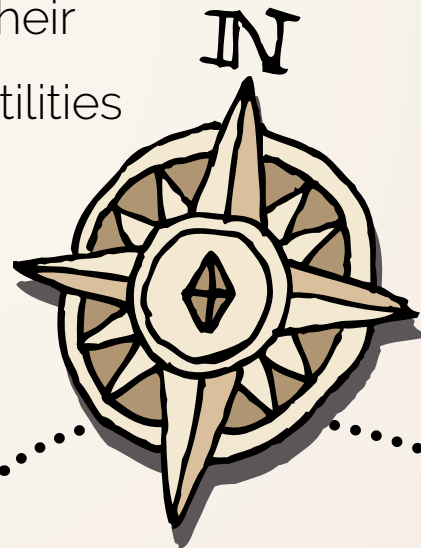
BY SUSAN PARTAIN, SENIOR EDITOR AND
CONTENT STRATEGIST, AMERICAN PUBLIC
POWER ASSOCIATION





Businesses want to keep energy costs down and utilities want to see load grow. That's the bottom line in economic development. But that's not all there is to it. Communities and businesses have varying goals that require a careful match to find the right fit.

To help grow and improve their communities, public power utilities are playing a bigger role in economic development programs, and site selectors are welcoming their input.



WHY UTILITIES SHOULD BE INVOLVED

"All economic development is local, and it all relies on a site or building. And every site or building is going to be served with utilities," said site selector and economic development consultant Janet Ady. "Utilities are one of the key stakeholders in the economic development team."

Ady noted that utilities play a big role in not only assessing the physical readiness of a site, but also in making sure that all the stakeholders at the table are aware of the process, aligned with the same goals, and coordinating.

"When a utility is involved earlier rather than later, that is ideal. Because, sometimes, local economic development partners aren't aware of the sites or buildings that have the most capacity or redundancy. And they might recommend a building that's not ideal or not even suitable," said Ady. "By getting utilities involved earlier, they can have the engineering team assess what the requirements are and help ensure that the site or building that's chosen is the most suitable."

"The key to utility partners being involved with economic development groups is forming a working relationship," shared Lori Huguley, director of economic development for the city of Opelika, Alabama. The city is served by multiple electric providers, including public power utility Opelika Power Services, and has been recognized as a Best Performing Small City by the Milken Institute. It is on Forbes' list of America's Best Small Cities for Jobs and Site Selection Magazine's Top MSA's for Attracting Business.

"In the economic development world, we are constantly in motion. Whether we are recruiting new business to our area, taking care of our existing businesses, or responding to requests from various sources for information about our communities, we are on the go. Response timeframes have been condensed, so it is crucial to have relationships with the various utility entities to be in a position to reach out for vital information that companies need to compete pro-forma for a business plan," added Huguley.

Casey Crabtree, director of economic development at Heartland Consumers Power District, a wholesale power company serving public power communities in the Midwest, also sees benefit to utility involvement in economic development groups. "When we have somebody from the utility on the [economic development] board, that's where we see success. They know the details about where to put a prospective business, what it takes to get in there," he said.

Crabtree stressed that it is important for utility representatives to be at the table "all the time" and early in the process, to relay any key details before a project gets rolling that might require getting service to a difficult or less than ideal spot.

"Operational costs are usually one of the critical deciding factors when companies are evaluating sites for a new facility," said Huguley. "If we have a good relationship with our utility partners, then we know that we can count on them to be present [during prospect visits] and work with us and the company to provide the information they need."

"When we have somebody from the utility on the [economic development] board, that's where we see success. They know the details about where to put a prospective business, what it takes to get in there."

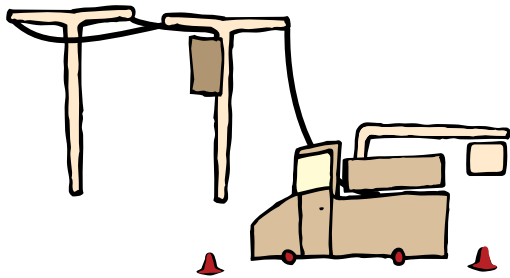
CASEY CRABTREE

DIRECTOR OF ECONOMIC
DEVELOPMENT
HEARTLAND CONSUMERS
POWER DISTRICT

“These deals happen very fast, communities need to have all the data possible available that a prospect wants during the selection process.”

TOM GRAY

ECONOMIC DEVELOPMENT ADVISOR
GRAND RIVER DAM AUTHORITY



SHOVEL READY

“If a client is looking for 50 acres to put in a manufacturing operation, they can’t wait six months for you to go out and get the site ready,” noted Brenda Daniels, manager of economic development at ElectriCities of North Carolina. To help public power communities in the state vie for businesses, the joint action agency has a site certification program that assesses sites to be “shovel-ready” — including conducting engineering reviews and making sure that utility hookups are available or adjacent to the site. “That eliminates three to six months out of their time looking for a site that is ready to go,” said Daniels.

The idea of certifying sites as shovel-ready has taken off and is increasingly an area where utilities are heavily involved. Ady estimated that more than half of all states have either a statewide program for certification or one that is sponsored by a utility.

She agrees that “the concept of a certified site is solid,” but noted that there is not a standard definition from state to state, which means companies still have to gather a lot of information.

“By reducing uncertainty and risk, you are making the deal more likely,” said Ady.

Evidence of a site’s readiness can include having completed property title searches, conducting a basic flood zone check, doing archaeological testing, and ensuring that utility access is available, said Ady. The utility access piece can get detailed in terms of how much capacity or redundancy is available to a site, or how long it would take and how much it would cost to bring service to a building.

COMMUNITY BUY-IN

“Increasingly, it is not just about the site and building itself, but the whole environment or community in which it is located,” said Ady.

“These deals happen very fast, communities need to have all the data possible available that a prospect wants during the selection process. They want to know what electric rates are, what the population is, what kind of skilled labor is available, what the average wage is for those skill sets — a lot of detailed information that a company needs to make a decision,” said Tom Gray, economic development advisor for Grand River Dam Authority, a joint action agency that serves communities in Oklahoma.

According to Gray, “When leadership is not on the same page — in terms of direction they want to take their community — there is chaos, inability to accomplish goals and objectives, because not everybody is working toward a common goal.”

Gray works with GRDA’s member communities to help develop a plan for setting community goals. The process starts with a survey of the community’s high school students to get a sense of what perceptions they have of the community — including what they like about it, and whether they plan to stay in or return to the community after graduating from high school or college.

Gray noted that every community has a “vault” — those community members and leaders who take interest in the community. Gray said these leaders should always be included in the visioning process.

He advises that communities create vision plans that are concise and actionable. “If a community can’t get their visioning plan active, if they aren’t working towards it immediately, more often than not it ends up on a shelf,” said Gray.

SHARED SUCCESS: THE UTILITY'S ROLE IN ECONOMIC DEVELOPMENT

Electric Cities of Georgia also hosts economic development events, including a summit for community leaders they have hosted for 14 years, and a new educational program, Edge Development, to help community leaders create a comprehensive economic development strategy. Participants include representatives from the utility commission board, city councils, planning and zoning staff, downtown and business district representatives, and heads of utility departments.

Daryl Ingram, senior vice president and chief external officer at ECG, says these programs help by getting everyone in the same room and show “communities that they have immense authority of where and how develop-

ment progresses.” Ingram explained how all city departments and community leaders help shape the feel of a community — from what types of activities the parks and recreation department sponsors to public works ensuring there are enough trash cans in public spaces to signs that can be helpful for tourists.

“In our experience, the greatest challenge communities face is alignment of efforts. Everybody has a pathway within their industry; everybody attends their own conferences. Every community must have champions that can effectively break down the silos,” he said. “If you bring everyone together, and coalesce all your department heads with the same return on investment mindset, good things will happen.”



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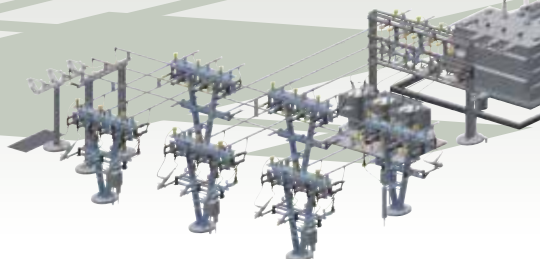
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"Investor-owned utilities are very motivated for development, just like we are. They are strategic in being a resource for the chamber of commerce and development authorities and having representation on these boards," said Ingram. "[Public power utilities should] also have representatives on those boards. You have to maximize your position of influence ... You have to be strategic in working closely with the local economic development agency."

"Previously, there was a mindset that public power communities, since they are local government, that their dollars should not be used for marketing. Today's societal desire for corporate engagement is powerful. If you look at a public power community's competitors (IOUs), you will see strong community engagement — sponsoring little league baseball, local parades, concerts. You give more to the community than anyone else as a public power utility — you are lighting up the ball parks, you are hanging holiday arrangements, you are engaged in so much more — and if you're not telling that story, it begs the question, why not?" said Ingram.

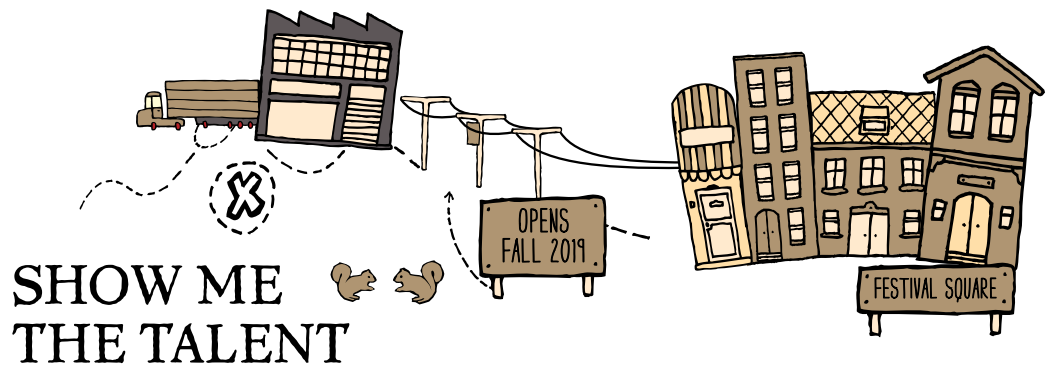
Ingram notes that this work has paid off, with Georgia not only consistently being ranked a top state for businesses, but that public power communities in the state, about 10 percent of the state's municipalities, have consistently won more than a quarter of statewide project announcements in the past few years.

"What's good for our communities is good for our utilities," said Heartland's Crabtree. "Growth doesn't happen on its own. By getting utilities involved early in the process, we have been able to facilitate growth that otherwise would not have happened."

"In the old days, it used to be, 'If you build it they will come.' Now, it is, 'Show me that there are people there, and I'll locate my business there.'"

JANET ADY

SITE SELECTOR AND
ECONOMIC DEVELOPMENT CONSULTANT



Communities focused on economic development noted that a ready workforce is often the number one concern for prospective businesses.

"Public and private investment and the creation of jobs is the prerequisite to load growth," said Ingram. "Workforce is indirectly tied to your meters; it starts with quality of life that retains and attracts people, which attracts housing. If you can attract housing, then retail and commercial development will follow. If you are retaining and attracting people, then you are also building a workforce. If you have a workforce, then companies will grow and find you."

"Companies now are more likely to start with, 'Show me the talent, then go ahead and show me the sites,'" said Ady. "In the old days, it used to be, 'If you build it they will come.' Now, it is, 'Show me that there are people there, and I'll locate my business there.'"

For rural communities, matching the workforce to the business is more about quality than quantity.

Crabtree noted that "in the rural Midwest, it can be difficult for us if someone wants 100 jobs in one of our smaller communities, because we don't have a huge labor market." In the areas Heartland serves, a tight labor market means that unemployment is often lower than three percent, and it is more common the residents are underemployed and have skills beyond the jobs that are offered. "It is not about counting jobs, it is about increasing quality of life," he said.

That's why Heartland offers incentives to encourage load growth as well as a strong workforce. According to Crabtree, the associated load growth can help utilities pay for other things that the communities need to increase quality of life. For one large business that brought in a significant number of jobs, Heartland offered a housing incentive in which new employees who build or buy a house can receive \$5,000 toward closing costs.



A VIBRANT DOWNTOWN

DARYL INGRAM
ELECTRIC CITIES
OF GEORGIA



SHOVEL-READY SITES

BRENDA DANIELS
ELECTRICITIES OF
NORTH CAROLINA



A READY WORKFORCE

JANET ADY
ADY ADVANTAGE

WHAT MAKES A COMMUNITY RIPE FOR ECONOMIC DEVELOPMENT?



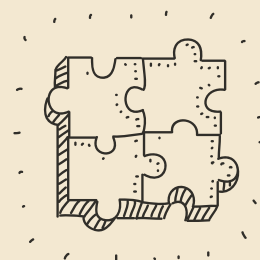
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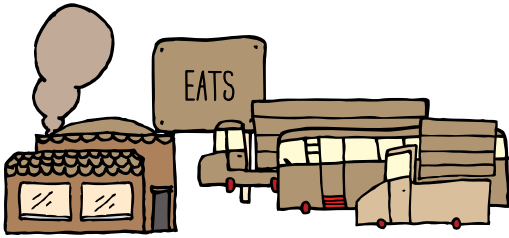
A SHARED COMMUNITY VISION

TOM GRAY
GRAND RIVER DAM
AUTHORITY



RELATIONSHIPS

LORI HUGULEY
CITY OF OPELIKA
ALABAMA



SETTING YOUR COMMUNITY APART

“A community shouldn’t base their own positioning based on what someone else is doing. It’s good to have economic diversity within an area,” said Ady. “It is incumbent on the communities to figure out what projects are a good fit for them based on where they want to see their communities go in the future.”

Ady said that there are countless ways for a community to differentiate itself and should start by identifying its assets and resources, which can include buildings, recreational trails, low cost of living, or community festivals.

Gray arranges for community leaders to meet with industry representatives in small groups to talk about any factors that might be impeding the industry’s growth in the area, and for the community leaders to express how the industry’s presence would fit in with their community vision.

To familiarize GRDA’s community members with the process, Gray enlisted Ady in reviewing sample proposals in a mock site selection. The process included hosting Ady in tours of potential sites, and having each area compile community, site, and rate information into a proposal. Ady graded and met with each community to review areas for improvement. And more recently, GRDA brought in subject matter experts to help members create or enhance their websites and social media profiles to include economic development information.

“Companies want to be ingrained in the community. They are looking for an opportunity to tell the world that they are giving back to their community. Public power communities are in a great position to meet that need.”

DARYL INGRAM

SENIOR VICE PRESIDENT AND CHIEF EXTERNAL OFFICER
ELECTRIC CITIES OF GEORGIA

THE PUBLIC POWER ADVANTAGE

“Utility directors, along with [the utility’s] governing body, have the ability to structure a rate that can be attractive for a company,” said Gray. “Investor-owned utilities will undercut public power every time, because ... they will provide an introductory rate to prospective companies below what it costs them to generate and deliver electricity. But, unbeknownst to the rest of their customers, those other customers are subsidizing that economic development rate to the prospective company that they’re luring in,” said Gray. “The case we have to make when one of our public power communities is competing with an IOU community is that if [the IOU] comes in with a low-ball figure, more often than not it will be short term, two to three years typically, and then it will go up to well above what the public power community can offer.”

“Over the long run, [public power] is low cost and it’s constant,” said Gray, who noted that GRDA’s efforts to improve efficiency on its generation and transmission system, including significant investment in a combined cycle gas plant, means it has been able to avoid raising rates “any significant amount” for 10 years.

“Public power, just by its nature, is going to be aligned with what the city’s goals are,” said Ady. “There is a value proposition there about

the growth, which is really for the benefit of the municipality and for all of the residents.”

“We’re not some far away utility, we are the community. That’s a huge advantage,” said Ingram. “[Industries] like being able to have direct access to the executives of the community, to the mayor. Companies want to be ingrained in the community. They are looking for an opportunity to tell the world that they are giving back to their community. Public power communities are in a great position to meet that need,” said Ingram.

Daniels at ElectriCities of North Carolina concurred, stating that companies often are “looking for the community to embrace them. To take them in, as if they have been there for a long time, and be very open and frank with them.”

And this frankness is easier in a public power community, said Daniels, as a company can easily “go and talk to the mayor or the town manager about an issue that you have in town — you might go to church with them or you might see them in a restaurant” and can talk one-on-one.

“One of the great things with public power is, we’re willing to invest in our communities. If we don’t invest in them, who will?” asked Crabtree.



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UNLOCK THE SECRET TO STRONG RELATIONSHIPS WITH KEY ACCOUNTS MANAGEMENT

BY JAMES PATERSON, CONTRIBUTING WRITER





Winning a big business deal is like hitting a home run — exciting, but rare. For utilities that focus on maintaining relationships with key accounts, the winning strategy is to keep these connections strong using both traditional and new approaches.

Utilities' efforts to retain these top accounts include well-planned and supported programs that use genuine relationships to understand and meet their customer's unique needs.

While public power utilities understand that these accounts make up an important and often significant portion of utility revenue, the Strategic Account Management Association said they often aren't given enough attention considering their value. Its 2014 report showed that few strategic account executives found their programs were "functional and effective" (just 14 percent), yet nearly three-quarters said that customer relationships had been "repaired or saved" because of them.

Erick Rheam, a trainer on key accounts topics for the American Public Power Association's Academy and an executive with an energy management software company, likes to ask utility managers what would happen to their community and their utility if their three biggest businesses left.

"Do you have something in place that if this did happen, you could say 'We did everything we possibly could with the resources we had and with the team that we had to provide the best possible service?'"

MAINTAINING MULTIPLE CONNECTIONS

At Austin Utilities, which serves about 12,000 customers in the southeast corner of Minnesota, the importance of business relationships moved the utility to be actively involved in an effort to reward businesses for locating in the region or expanding. It has also bolstered connections at several levels through its key accounts program.

Those accounts are just one of the responsibilities for Kelly Lady, manager of marketing and energy services, who said she builds relationships with the heads of local companies and responds to their individual "hand-holding needs," but also connects others with the organization.

"I deal with the maintenance person or the finance person, or whoever needs our help," she said. "Although the president of the business knows they can contact me, other people need my help more often and more directly."

Shannon Murfield, manager of energy services for Missouri River Energy Services, a joint action agency with members serving 61 communities in four states, says that her organization also prioritizes keeping key account relationships firm and wide-ranging through multiple links.

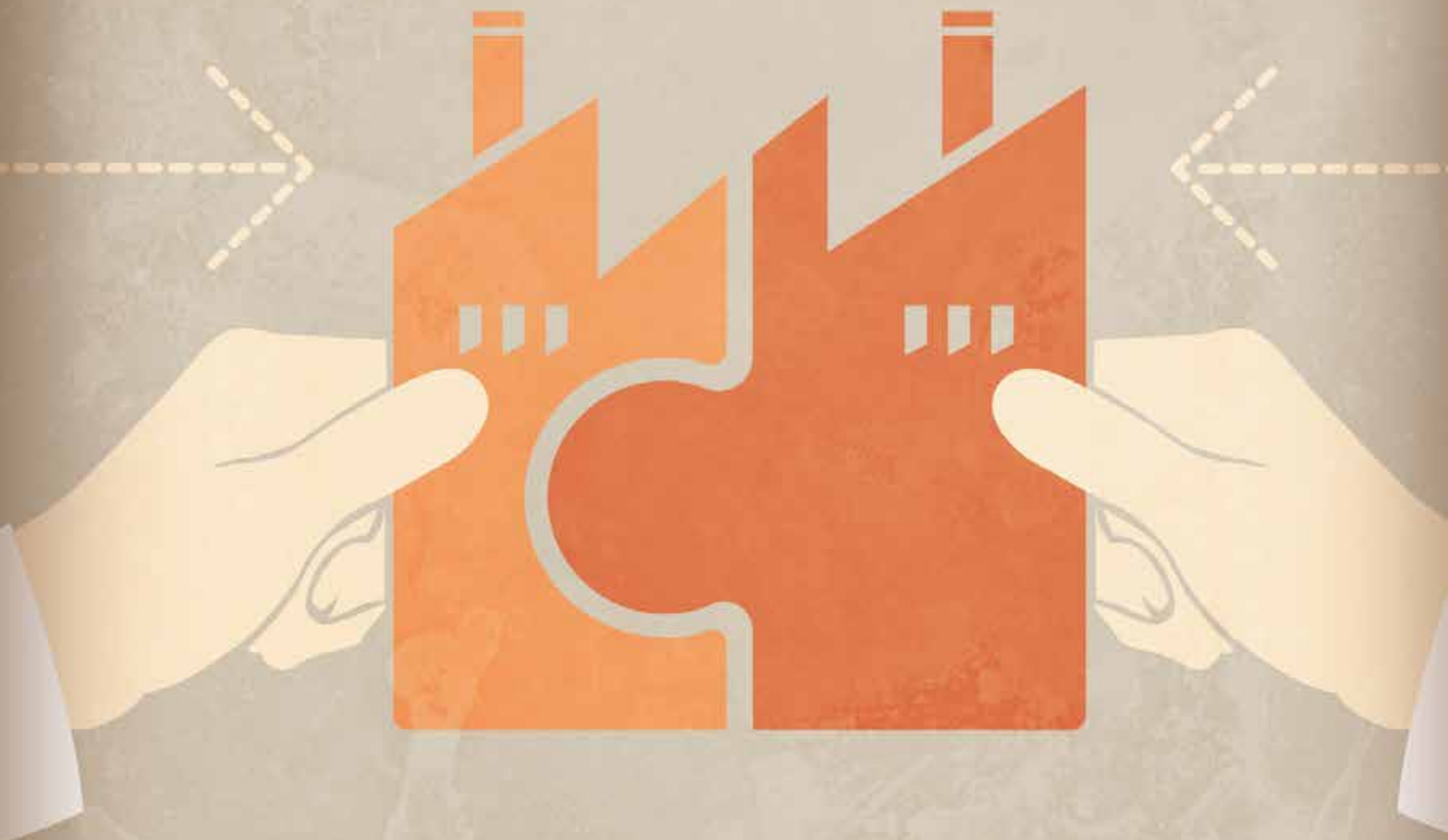
"We make sure, for instance, that key account contacts are three deep. If your primary contact leaves the organization, or is not available for an extended period, you want to make sure there are at least two other people there that you have a relationship with," said Murfield.

For Kat Linford, public relations, key accounts and energy efficiency manager for Provo Power in Utah, multiple relationships were key in a complex collaborative effort to upgrade the service at Intermountain Utah Valley Hospital.

"The upgrades help them in the event of an emergency by providing automated switching from a primary to a secondary redundant circuit as necessary. The collaboration and teamwork from both entities at various levels on this project made for a smooth transition and a clear understanding of expectations."

Rheam stresses that no matter the dimensions of the key account program, it should prioritize building various relationships with the customer, between the customer and other departments at the utility, and even the entire municipality. "You'll learn something different from each one," he said.

"Too often we put ourselves in a box. But a key accounts person can really represent the entire municipality with this customer," he said, noting that an important customer might find it helpful to have information ranging from street plowing or paving priorities to whom to see about expansion plans. "It might be that nine out of 10 times the contact doesn't have anything to do with the utility," he said.





BUY-IN ON BOTH SIDES

Rheam said that to develop an effective key accounts program, there has to be support from management and throughout the utility and municipality, often gained by showing how such a program can pay off. This should include buy-in from the utility manager, the manager of the municipality, heads of other municipal departments, and members of a utility commission or city council.

“Make it tangible for them. Managers often deal with black-and-white data every day — and if someone comes in and says, ‘I want to build better relationships with customers,’ it is

hard for them to grasp that. But if you can tell them there is \$4.5 million at risk, now you’ve got their interest and can have a meaningful debate.”

To get buy-in from the customer, a series of behaviors are expected — honesty, promptness, accuracy, and dependability, according to Murfield.

“Whether it’s returning a phone call or email in a timely manner or getting back to your contact with an informational article or lighting audit that you committed to provide, do it accurately and on time,” she said. “We also make a serious effort to understand the key account’s business, processes, and equipment. Being able to talk to your contacts on their level goes a long way toward building a trusting relationship.”

Rheam agreed and said that acquiring such information is a key step in showing the contacts that the relationship will create value.

“The needs of an air separation plant, where power may be 90 percent of its operating costs, are different than a big box store,” he said. “But they are both important to the utility and the community. And both will appreciate your understanding their business.”

The report by SAMA put it this way: “Engage clients strategically. Have an executive presence, know the customer business, demonstrate value to the customer, and become a trusted advisor.”

CHOOSING, PLANNING, AND CHECKING IN

As utilities develop or build a key account program, it is important to consider which customers should be included and how extensive the work with them will be.

Rheam suggested a framework with three program levels — basic, standard, and master's — that range from where a manager can devote less than one quarter of their time to responsively working with a number of accounts, to one where 20 customers are managed by a full-time person who proactively connects with them in a variety of ways. Each of the three levels of ser-

vice for key account management is described in detail in the Key Accounts Field Manual, which Rheam co-authored for the American Public Power Association.

“No matter how sophisticated or extensive your key accounts program is, working with these customers is critical,” he said. “And while the discussion may change, the fundamental requirement that you build relationships and create value for them does not.”

Rheam and others recommend that a few customers — maybe five — get the “master’s level” treatment, while other important key accounts are managed more responsively.

Linford works with about 60 key accounts identified by their demand or monthly bill, generally providing support when they request it, as she has a number of other responsibilities. Other public power utilities have only a small

number of key accounts in their program and give them wide-ranging individualized service and information.

SAMA reports that, regardless of the size, “identifying and recruiting” potential accounts was one of a handful of critical elements to define in a key accounts program. It also noted that the process of building a program takes patience and persistence. Survey participants reported it took about four years to build a strategic account management program.

Linford, whose utility serves about 35,000 customers, says the process requires persistence to find the right contacts and build relationships.

“Finding the right person in the proper position who understands the role of a key account manager is a never-ending task, due to management and position turnover,” she said.

“We also make a serious effort to understand the key account’s business, processes, and equipment. Being able to talk to your contacts on their level goes a long way toward building a trusting relationship.”

SHANNON MURFIELD

MANAGER OF ENERGY SERVICES
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Rheam said it is critical to have a specific written action plan for each key account based on information about the customer, its finances and personnel, energy usage, goals, and even potential barriers to success.

MEASURING SUCCESS

To assess the program, some key account managers do surveys or other evaluations and some collect information anecdotally.

“The best feedback often is a phone call,” said Linford. “When I receive a call from one of my accounts — or because one of my account contacts referred me — it is gratifying to know that I have made the right impression and I have created trust with them. They know that I can and will help them.”

With the dramatic changes in the energy industry there naturally are challenges and opportunities in the ways that public power utilities can serve their key accounts — from providing sophisticated load management or rate structure options to supporting these customers as part of new community development efforts.

About five years ago, Joel Gilbert, industry veteran and president of Apogee Interactive, was a bit pessimistic about the ability of utilities to keep up with the expectations of large companies.

“The natural assumption you have right now is that, if you have customer service excellence, if you keep the lights on, if your bills don’t go up, and if you invest in the customer relationship, your relationship will be excellent. I’ve got news for you,” he said at a conference in 2013. He pointed out that many businesses were generating their own power or planning such a move and that they were expecting more sophisticated service.

“When I receive a call from one of my accounts — or because one of my account contacts referred me — it is gratifying to know that I have made the right impression and I have created trust with them.”

KAT LINFORD

PUBLIC RELATIONS, KEY ACCOUNTS
AND ENERGY EFFICIENCY MANAGER
PROVO POWER

Gilbert now says that at the time he felt that such end-point distributed generation was becoming a challenge, and that utilities were losing knowledge about the technical needs of their key accounts and weren’t serving big accounts well. He still somewhat believes that today, but he thinks there are growing opportunities.

“It’s not that what I said was wrong, but there is a new agenda that will transform everything,” he said. He asserted that beneficial electrification will “bring new life to things like electric lift truck marketing, microwave drying methods, and other uses where the efficiency of electric technologies makes it compelling.”

Some large customers want to purchase energy from solar sources and utilities “who can make this easy and affordable will win very large deals,” he said, predicting that other opportunities to develop microgrid partnerships as part of industrial development efforts could become part of key account initiatives. “It is better than having the customer simply leave the grid.”

Other experts expect key account managers will use much more sophisticated data about energy usage and rates — and about how efforts

with key accounts are paying off with customer relations management software.

Mark Nibaur, general manager at Austin Utilities in Minnesota, sees involvement in economic development as a key way for public power utilities to attract and assist some of their most significant accounts in the future.

Nibaur has been a key player in a “Grow Austin” initiative that involves a team of officials from municipal government and economic development organizations that offer businesses that create jobs in the region a package of benefits, including rebates from the utility.

To qualify for rebates, businesses have to show they have invested \$250,000 in real property improvements within one year of designation and created at least three full-time, permanent jobs. “It brings new jobs for people here and new loads for the utility, and it expands the local economy,” Nibaur said.

Key players in the group meet bimonthly and have developed critical marketing materials for the incentive program, which both attracts new businesses and rewards existing businesses that are growing.

ON YOUR TERMS: ALIGNING ECONOMIC DEVELOPMENT WITH COMMUNITY VALUES

BY ELISA WOOD, CONTRIBUTING WRITER





W

hen it comes to attracting or retaining business in a community, it is not simply the more the merrier. You need to find a match between what your community has to offer and what the business can provide.

Public power utilities in Florida, Nebraska, and North Carolina offered insights into how they align their development goals with local values. Each impressive win has occurred not by happenstance, but through careful relationship management and a lot of advanced planning.

Here's how these utilities are helping to create new jobs and prosperity on terms that work for their local communities.

BE SPECIFIC

If at first you don't succeed, then try, try again turned out to be more than a platitude for Omaha, Nebraska. The city tried to attract a Facebook data center about six years ago, but the social media giant chose another site.

Undeterred, Omaha used what it had learned and tried again. And in 2017 Facebook chose a county in the greater Omaha metropolitan area as the site of its new 2.6 million square-foot facility.

Omaha Public Power District, the 12th largest public power utility in the U.S., played a key role, first making sure it had the infrastructure in place for the data center. "This didn't happen overnight. It goes back about 10 years when Nebraska decided data centers are a great investment," said Tim O'Brien, OPPD's director of economic development and external relations.

If there's a specific business your community wants to attract, then "be specific in what you want to attract and ensure the policy and the programs and site locations are in place," advised O'Brien. Once that's done, let the world know what you have to offer, he said.

Even before Facebook started looking at greater Omaha, OPPD had built a substation that would accommodate the company's needs. "We took it to Facebook and said, 'Look we're ready for you to be here,'" said O'Brien. "They were quite impressed with the progress we had made and the property we had."

A few weeks later, Facebook was taking a closer look at the site in Sarpy County. But it took more than just the right utility infrastructure to draw in a company that has the ability to bring several hundred million dollars to the region.

Facebook wanted 100 percent renewable energy. OPPD went to work trying to figure out how to make the economics work in a way that would appeal to a large customer. It came up with Rate 261M, a high voltage service rate that gives a renewable energy customer access to Southwest Power Pool wholesale market pricing. With the rate in place, Facebook was able to sign on for 200 megawatts of the 320-MW Rattlesnake Creek Wind Project, being developed by Tradewind Energy and owned by Enel Green Power North America.

Is Facebook happy with the deal? Apparently so. The company announced in April 2018 that it's going to build a bigger data center than originally planned at the site — six buildings rather than two — a project that will require 1,000 construction workers onsite through 2023.

KNOW YOUR NICHE

Taking the time to talk to customers pays dividends. As Chris Padgett, chief administrative officer of Greenville Utilities Commission in North Carolina, said, “Sometimes we help them find solutions to problems that they don’t even realize they have.”

The utility meets regularly with its business customers, especially in pharmaceuticals, a key industry served by the provider of natural gas, electricity, water, and wastewater treatment.

The utility’s service territory, centered in Pitt County, has been attracting medical companies from all over the world. The growth, in part, has been fueled by “industry buzz” that is in large part a result of forward-thinking electric services.

“One of the things we really focus on is our existing business and industry. We’ve had really great success here in Greenville and Pitt County with some of our larger businesses and industries expanding, adding in some cases hundreds of new jobs, tens of millions of dollars of new investment. And we like to think we play a role in that,” Padgett said.

Employers include Vidant Medical Center, a regional hospital system; Mayne Pharma, an Australian-owned pharmaceutical company whose recent expansion added 110 jobs and \$80 million of investment; Patheon, a global pharma company that was recently purchased by Thermo Fisher out of Boston; and DSM, a supplier for pharmaceutical companies.



The area is also home to East Carolina University, which is a pipeline for the chemists and specialty medical positions needed for its workforce.

To better serve customers, Greenville Utilities worked with community partners to obtain site-ready certification for an area industrial park — called Indigreen — from ElectriCities, a tri-state organization advocating for public power utilities. Greenville Utilities can also show large potential customers that the park can serve their total utility needs and then some. Aesthetic and functional improvements include LED street lighting, sanitary sewer, and natural gas throughout the park.

By working with the park owner on the upgrades, Greenville Utilities showed that it is serious about attracting new, high-use customers and their employees. “When these new industries are looking for a home, you want to make it easy for them to say yes to you,” Padgett said.

MAKE ENERGY AN ATTRACTION

Home to Disney World, Orlando, Florida is one of the world’s tourist meccas. The Orlando International Airport is central to Orlando’s identity and prosperity — and the city’s municipal utility, the Orlando Utilities Commission, is ensuring it has an energy system equal to the city’s star power.

The airport is bordered by about 272 acres of ponds, which means that when some of the 40 million annual passengers look out of their cabin window, they can spot an alligator. And now, under a pending final agreement between the Greater Orlando Aviation Authority and OUC, passengers might also see \$500,000 worth of floating solar panels on the pond under the airport shuttle train trestle.

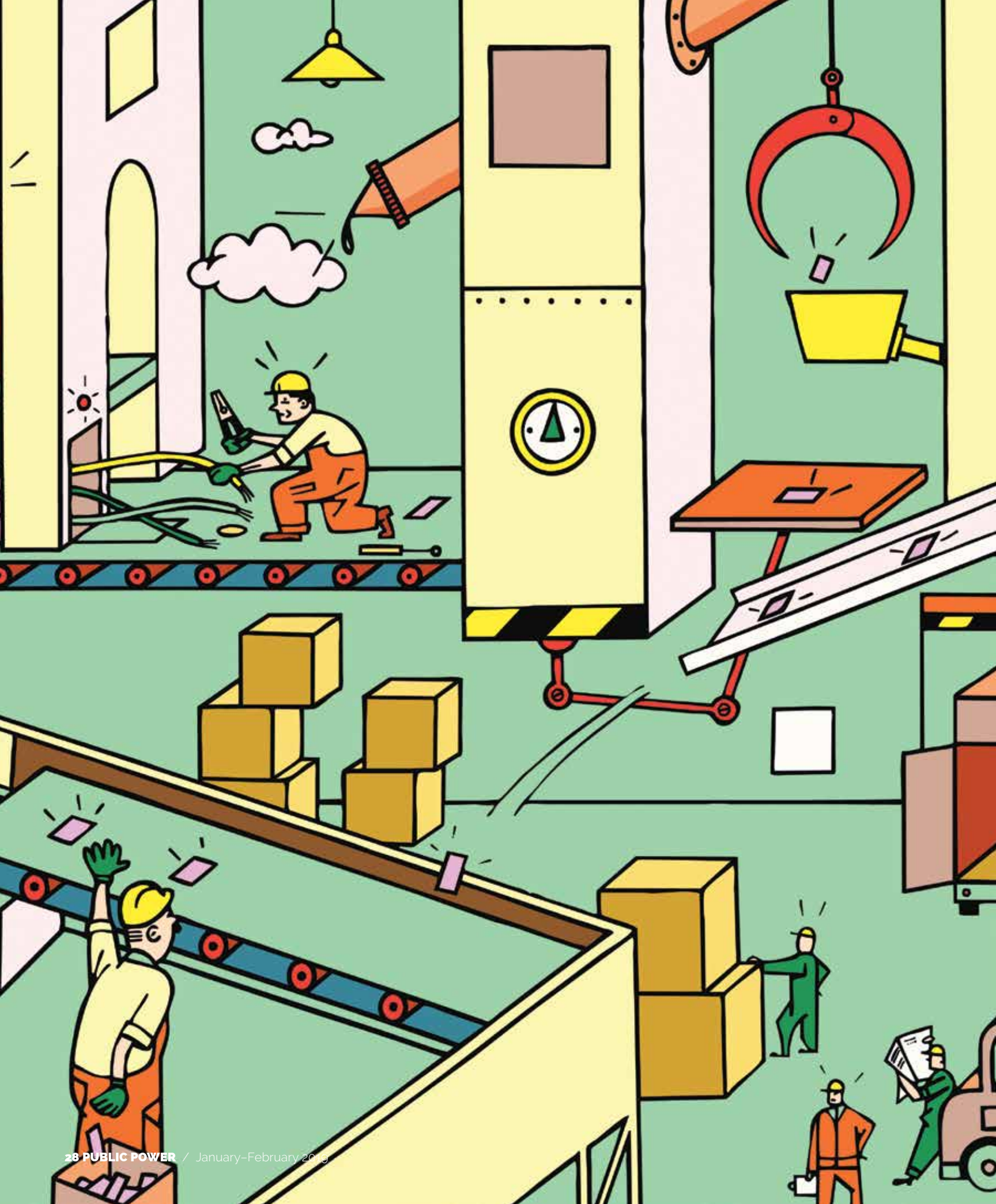
The solar project is included in a proposal for a \$59 million upgrade that would also provide the airport with 24 to 28 MW of standby power, electric vehicle chargers, and a chilled water system.

“We put a proposal on the table and it was bundled with a number of creative projects, like the solar installation and 67 Level 2 EV charging stations,” said Jan Aspuru, chief operating officer at OUC.

The airport is going through a tremendous expansion, including a new terminal that will require significant growth in chilled water production and distribution for air conditioning (added installed capacity of about 14,000 tons) and power for the terminal itself. The proposal calls for the utility to own, operate and maintain the new equipment.

In addition to serving the airport, OUC provides electric, water and lighting services to more than 246,000 homes or businesses and a few surrounding areas.

“The airport for years has been one of the utility’s largest electric customers and is located just five miles down the road, so it’s only natural for the two to partner on the solar project,” Aspuru said.



AVOIDING OVERWHELMING DEVELOPMENT FROM CRYPTOCURRENCY MINERS

It's usually a good thing when businesses move into a community. But what do you do if the new industry quickly doubles electric demand, but can pack up and leave overnight?

Sometimes, new electric demand needs to be managed to protect the community. For Chelan County Public Utility District in Washington state, low electric rates and outstanding fiber broadband have attracted energy-hungry cryptocurrency miners.

The miners generally run their equipment, mainly computers, and for large users, air conditioners, 24/7. And this equipment is easily moved. "We've had concerns because of their portability," said general manager Steve Wright. "They can be here today and gone tomorrow."

But while they are there, the utility might have to make power purchase commitments and expand infrastructure to guarantee them service. These costs have to be borne by the utility, a challenge requiring creative problem-solving.

"Given the volatility of the commodity that they're producing, we've had to be thoughtful about the way that we structure rates and upfront charges and fees to make sure that our community will not be disadvantaged by that growth," Wright said.

The utility has proposed that the crypto miners pay an upfront charge to ensure cost recovery for any transmission or distribution investment that would be necessary for the utility to cover the cost of serving them. It also has proposed that the miners pay a market-based rate for energy supply.

"The assumption is that we'll purchase from the market, time-limited, and that we can shut off the power supply quickly if they depart," Wright said.

The rate proposal has faced some controversy. "Those who provided public comment have expressed extreme concern that the rate will put them out of business. But the value of bitcoin has also been dropping precipitously," Wright said. "So the value that they can generate has been declining at the same time as our rate has increased."

The coming and goings of the miners is compounded by geography. If the miners are in a residential area, mining in their homes, they could create a new peak demand for the area.

To address this, Wright said the utility is trying to encourage miners to locate where there is less demand on the grid and it takes fewer dollars and less time to serve them. This in turn creates less exposure for the other customers on the system.

The result is the evolution of cryptocurrency zones that indicate the best places for miners to site. "If you're a small miner, you're more worried about the distribution component. If you're a big miner, you're more worried about the transmission component. So all of that information is available to help you decide where you want to go," Wright said.

The bottom line? Too much business too fast requires careful planning.

"When that load becomes too big, it overwhelms you, and you've got to control it because it creates a cost that will be borne by your other customers — if you don't have a management system in place," Wright said.



Locally Powered, Locally Staffed: Workforce for Economic Development

BY JESSICA PORTER, CONTRIBUTING WRITER



For a business to set up shop or expand, it needs a ready pool of people to do the jobs that need to be done. Public power communities are stepping up to develop training and education programs to help residents learn the skills needed to find local employment. In turn, this focus helps lower the local unemployment rate and encourages businesses from all over the country — and even the world — to take root in these communities.

Creating a Talent Pipeline

For 40 years, Troup County, located in central Georgia close to the Alabama state line, has successfully attracted big businesses and corporations. These businesses bring thousands of jobs to the community and provide employment opportunities to the residents of neighboring public power communities LaGrange, West Point, and Hogansville.

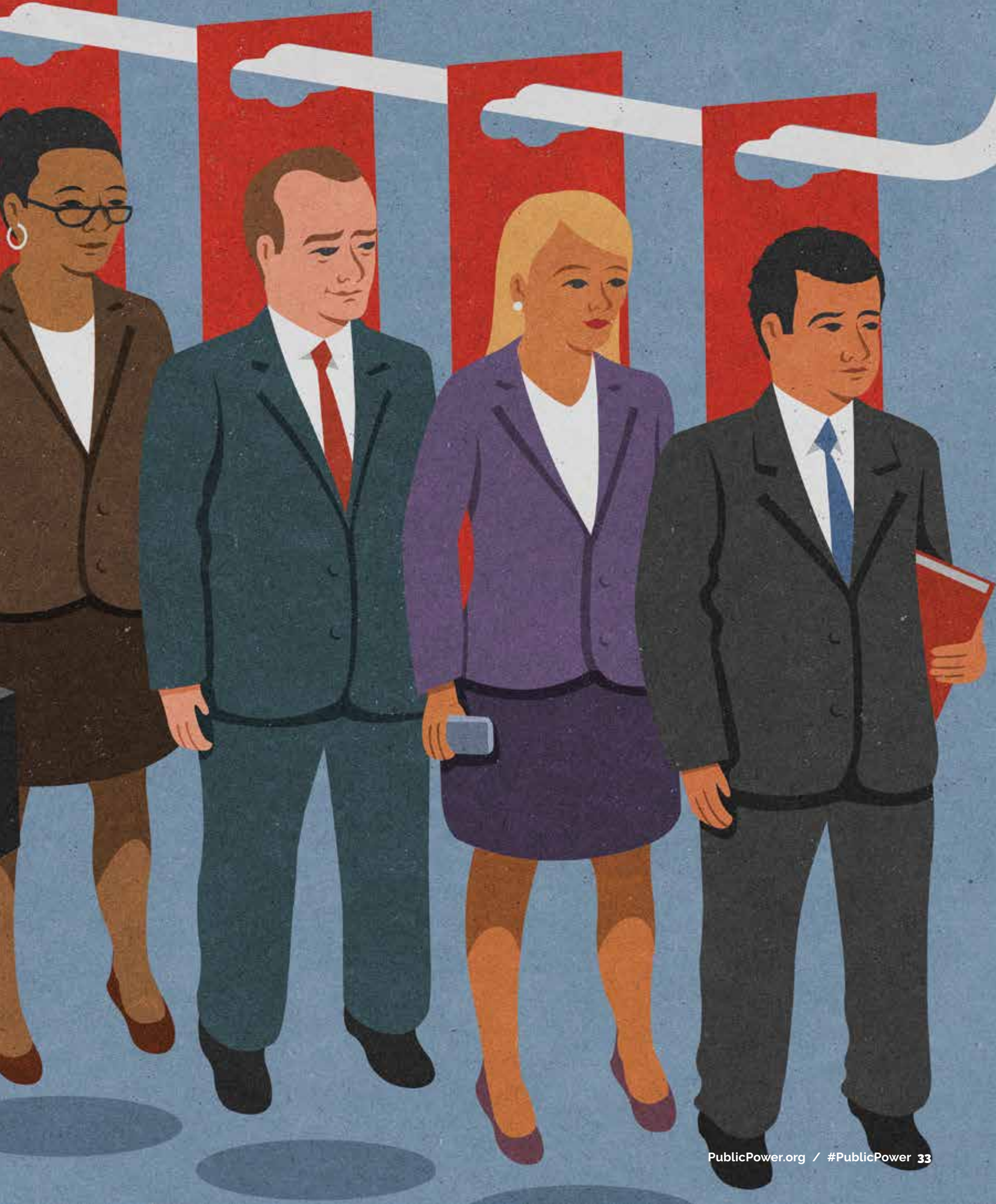
Though the county had ample land for development, it lacked a pipeline of skilled potential employees. “Seven to eight years ago, the leadership of LaGrange, West Point, Hogansville, and Troup County recognized we had been successful at attracting industries and jobs, but we had a workforce issue,” said LaGrange Mayor Jim Thornton. “We needed to attract new people to move to our community or do a better job of educating kids in our community about the opportunities in manufacturing. We decided to do both.”

The cities stepped into action to work with area schools to help develop employable skills in local students from the elementary school to college level.

The community leaders reached out to Kia Motors, which built a manufacturing facility in West Point in 2006. Kia brought nearly 15,000 job opportunities to the area — which has less than 40,000 residents in all three cities — to become the largest employer in the county.

Kia and other community stakeholders worked together to create the THINC College & Career Academy, which was designed to supplement the high school curriculum and allow students to explore local career pathways.

THINC opened in 2015 and is nearly at capacity with approximately 600 students enrolled. Participation is voluntary and open to all 3,000 students in Troup County schools. Most students are upperclassmen in high school, but more middle schoolers are beginning to show interest.





“It’s truly been a public-private partnership where communities came together to cobble the resources necessary to build up our workforce.”

JIM THORNTON
MAYOR
LAGRANGE, GEORGIA

Students at THINC choose from six pathways that are directly applicable to local job opportunities. Pathways include health science, mechatronics, STEM, energy, business, and marketing. A new international business pathway, which will prepare students to work for international companies located in Troup County, is in pilot. The curriculum in each pathway includes classroom time as well as work-based learning, similar to an apprenticeship with local businesses.

“It’s not a traditional disciplinary approach to learning. Students aren’t just learning mathematics in the abstract or language arts. They are in the classroom setting and can apply that learning. Students today find that very rewarding,” Thornton said. “THINC students are an impressive bunch of kids. Some will go to college, some will go to a technical college, and some might start work directly out of high school.”

Thornton touts the academy as a true example of a community-based initiative. “Before we developed final plans for this, we had a community meeting with 108 people in attendance that was organized by the LaGrange-Troup County Chamber of Commerce,” he said. “Then, we created committees to work on tasks like fundraising, organization and getting the charter approved by the state.”

To get the academy up and running, the state of Georgia committed \$3 million, Kia provided \$3 million, and the community raised the additional funds needed to create the academy

and prepare the technical college in which it’s housed.

The academy functions as a charter school, so it receives the full-time student formula funding of traditional public schools. However, that money does not cover many aspects of education at the academy, so funding is supplemented by grants from industry partners including Kia, and by allocations from the cities and county. THINC has received wide support from the communities’ businesses as well.

Support comes in many forms, through grants, internships, apprenticeships, and job opportunities for graduates.

“It’s truly been a public-private partnership where communities came together to cobble the resources necessary to build up our workforce,” Thornton said.

Support for local job opportunities goes beyond THINC. Troup County recently began a new model of education that emphasizes how learning can be applied to a career pathway. LaGrange started an industrial fellowship for teachers in the public school system to visit local industries and manufacturers to better understand the opportunities available.

“Many teachers went to a traditional four-year liberal arts college and then went right into the education field after graduation, so they have not had direct contact with an industry or manufacturer,” said Thornton. “[The fellowship] gives them insight they can give to students who are interested in manufacturing opportunities.”

Thornton expects the momentum to continue and THINC to expand as more students show interest. He also expects the expansion of industry to continue in Troup County, improving the local economy and job prospects for residents.

And companies have noticed. Century Tire, a Chinese tire manufacturer, is breaking ground on a new facility in the spring. Other businesses are choosing to expand operations in Troup County. Duracell has operated in the area for 35 years and recently announced plans to close a facility in another location to expand its LaGrange facility.

“They see the value of this pipeline. It’s soothing for industries to know that the community cares enough about the industries to not just attract them but to look for ways to sustain them,” Thornton said. “It’s always a fear of an industry that a community will roll out the red carpet during announcement but pull it up as soon as they get there.”

Building Skills

For years, rural Nash and Edgecombe counties in eastern North Carolina were known for little more than agriculture. Today, the counties are home to a robust industrial economy that’s unlike most rural areas.

The rise in industry is due to efforts by the Carolinas Gateway Partnership, a public-private industrial recruitment agency that was started 25 years ago to create investment and workforce development opportunities in the 18 cities, towns, and municipalities that comprise Nash and Edgecombe counties.

The partnership was developed in part to address the area’s high unemployment rate, which has been as high as 12 percent and currently is at 6 percent, higher than the state’s average of 4 percent. “We’re finding new jobs for people in our communities,” said Norris Tolson, the partnership’s CEO and president.

To recruit companies, the Carolinas Gateway Partnership has taken steps to make the area more attractive to potential investors. Being 100 percent funded by the local municipalities, the Carolinas Gateway Partnership owns and controls 5,000 acres of land available to companies for development and has 110 private investors that help leverage incentive funds to attract new industry. It works with local utilities to ensure natural gas, electricity, water, and sewer services are available to all potential sites.

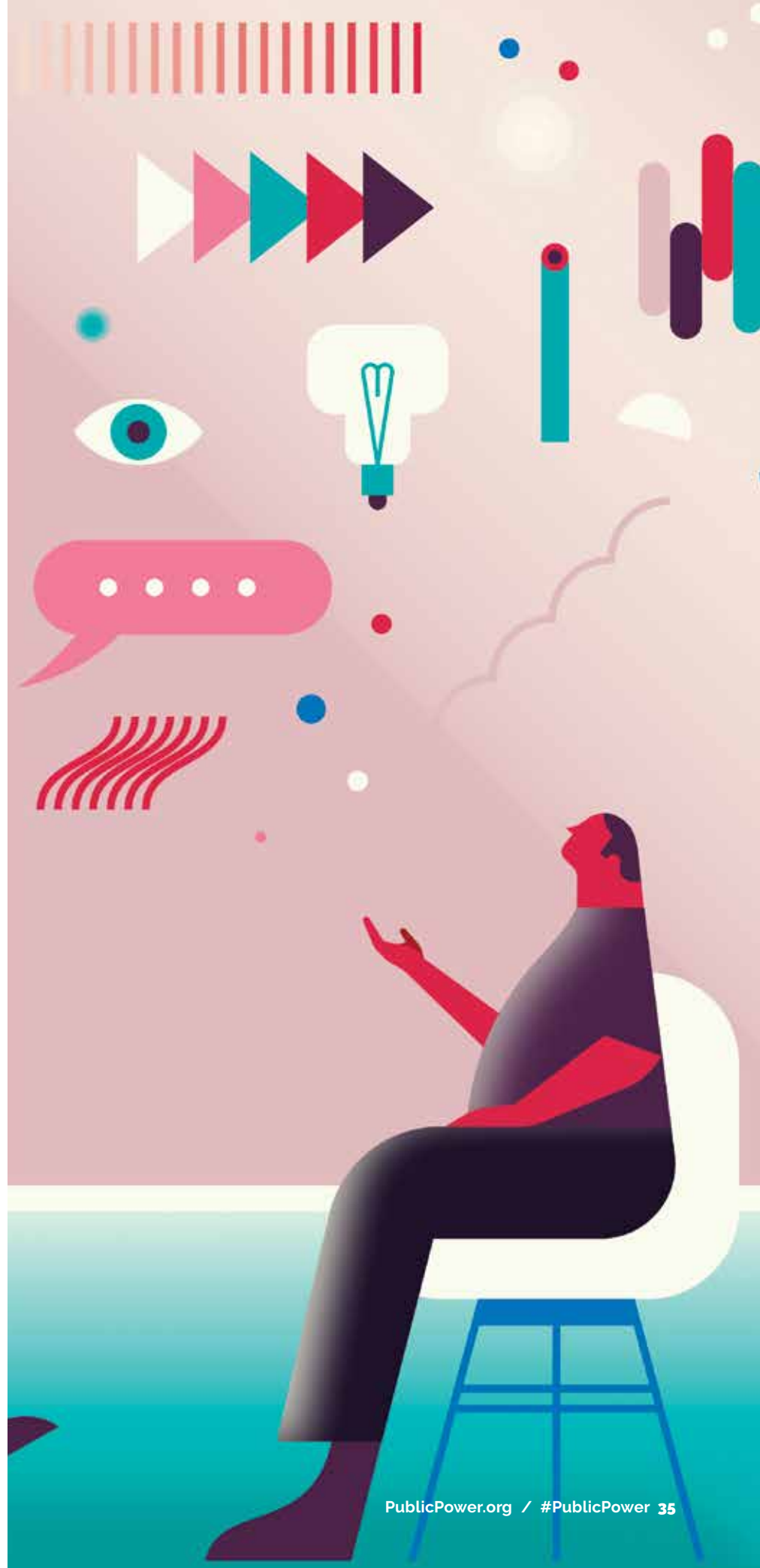
But no company will move to a new area without the security of a skilled local workforce. North Carolina has one of the oldest and most robust community college systems in the country —there's a school located within 50 miles of every citizen. Thirty years ago, North Carolina implemented company-specific skills training in its community colleges to help students gain the skills for employment in their communities.

In Nash and Edgecombe counties, there are approximately 60,000 potential employees who want a new or better job, according to Tolson. To help community members find those jobs, the Carolinas Gateway Partnership created a coalition of eight community colleges to get training programs up and running.

The curriculum focuses on developing skills that are directly applicable to available jobs — from mechanical and analytical skills to the expertise needed to work in a highly roboticized environment. It also focuses on soft skills to interview for jobs and work with a team.

The Carolinas Gateway Partnership is building a 32,000-square-foot training facility that is adjunct to a community college and two miles from the future site of a tire manufacturer's facility. The \$700 million facility is owned by a Chinese tire company and expected to provide 800 jobs.

The tire company isn't the only employer coming to town. This year, construction will start on a large distribution facility that will employ approximately 150 people and on a CSX Transportation railroad that will provide dozens of jobs.



To fill these jobs, it's not enough to just get the educational facilities on board. The partnership also is marketing to residents to let them know about the jobs in the area and how they can develop skills to make themselves more employable.

With land available, partnerships for infrastructure, and an educated and skilled workforce, the Carolinas Gateway Partnership is well prepared. It has two site consultants that work to recruit industries including food processing, logistics, healthcare, and information technology companies.

The efforts have paid off. In the last 10 months, Tolson said the area has landed \$1 billion in new investment and 2,500 jobs. And the jobs are high quality, with the starting pay for jobs at the tire plant reported to be \$56,000 per year plus benefits, which is significantly higher than the county average of \$39,000 per year.

Promoting Utility Jobs

Nearly 30 percent of employees at Austin Energy in Texas will be eligible to retire in the next seven years. As a result, the 125-year-old public power utility understands the need to get involved in its community to educate residents about employment opportunities related to energy. And with approximately 1,700 employees, there are many opportunities.

To raise awareness about energy and to educate its residents, Austin Energy focuses on the school system. Two years ago, it launched an energy and education program with eight school districts in its service territory. As part of that program, representatives visit schools to talk about the benefits of renewable energy and energy efficiency.

Austin Energy has a full-time employee who visits elementary, middle, and high schools to talk about safety and how electricity is gener-

“When you look at students these days, they genuinely care about the environment. They are very thoughtful and they are the leaders of tomorrow.”

DEBBIE KIMBERLY

VICE PRESIDENT OF CUSTOMER ENERGY SOLUTIONS AND CORPORATE COMMUNICATIONS
AUSTIN ENERGY

ated, transmitted, and delivered. It recently launched electric vehicle charging stations at four schools and helped develop a curriculum about electric vehicle charging.

“More than 38 percent of the resources that serve our customers come from renewables,” said Debbie Kimberly, vice president of customer energy solutions and corporate communications. “Our goal is to have 65 percent served by renewables by 2027.” That means many job opportunities related to renewable energy sources.

“When you look at students these days, they genuinely care about the environment. They are very thoughtful and they are the leaders of tomorrow,” Kimberly said. “Students of all ages have a unique passion and level of thoughtfulness; they aren’t motivated by earning the most money but by wanting to make a difference in society.”

The utility also is a sponsor of the Austin Energy Regional Science Festival that attracts elementary, middle, and high school competitors from schools in 12 counties in central Texas. Representatives from Austin Energy serve as judges.

These efforts to involve students help the utility not only plant seeds to develop the next

generation of employees, but also to deliver on its brand promise to be customer-driven and community-focused.

“We want to represent our community, so we make efforts to make sure we’re reflective of the community we serve,” said human resources manager Cindy Steffen. “Being at schools and community events helps us create brand awareness, and market and talk about the great things we do.”

Some of those students might even grow up to be part of Austin Energy’s summer internship program. The program attracts college-age students, with many coming from nearby colleges and universities. The program is competitive, with the utility receiving approximately 1,000 applications but only accepting 20 to 25 interns.

The utility also taps into Texas’ network of veterans. With Fort Hood, Camp Mabry, the U.S. Marine Corps Reserve Center and Texas National Guard nearby, there are many local skilled veterans and retiring military personnel entering the civilian workforce.

“One area we have a real opportunity in is to increase and promote the hiring of veterans who have great backgrounds of science and technology,” Kimberly said. The city of Austin has a program that encourages companies to hire veterans, and the utility follows that lead.

Austin Energy participates in as many community events as possible to raise awareness about energy and the available jobs. For example, it attends the tree lighting ceremony in Austin’s Zilker Metropolitan Park. At those types of events, representatives from the utility talk to residents about the types of jobs available and how to apply for those opportunities.

“We really want Austin Energy to be an employer of choice. Not just because we’re Austin Energy, but because we have great things, innovative ideas, and are on the leading edge for technology,” said Steffen. “We want the best and brightest talent to continue leading Austin Energy into the future of where energy is going. We have that talent locally and in Texas, and we will continue to work hard to find the best and the brightest.”

INSIGHTS

ADVOCACY • GOING PUBLIC • RELIABILITY • PUBLIC POWER GIVES BACK

ADVOCACY

It's Time to Modernize the Endangered Species Act

BY **BRYSON WONG**, DIRECTOR, GOVERNMENT RELATIONS,
AMERICAN PUBLIC POWER ASSOCIATION

Dusky gopher frogs, whooping cranes, and Coho salmon, oh my! It might not have the same ring as the iconic line from the Wizard of Oz, but if your utility is neighbors with any Endangered Species Act listed fish, plant, or wildlife species, then you know compliance can be a lengthy, burdensome, and costly process.

An endangered species designation can impose restrictions that make it difficult and expensive to construct or maintain utility power lines and generate electricity, ultimately saddling customers with higher electricity bills.

Despite these challenges, public power utilities are actively involved in and committed to species recovery and protection. For example, Chelan County Public Utility District in Washington state went above and beyond the statutory requirements when it committed to a 100 percent “no net impact” on ESA-listed species as part of its operating license for hydroelectric projects.

After nearly three decades without any major changes, it is time that policymakers modernize the law to make it work better for species recovery and the economy.

In July 2018, the U.S. Fish and Wildlife Service and National Marine Fisheries Service jointly proposed revisions to regulations involving critical habitat designations, updates to the interagency consultation process, and clarifications to key definitions in the act.

The American Public Power Association is a board member on the National Endangered Species Act Reform Coalition (NESARC) — a broad coalition of more than 50 energy producers, agricultural interests, cities and counties, and other businesses and individuals dedicated to promoting legislative and administrative improvements to the ESA. The group meets regularly to collaborate on and participate in reform activities with congressional staff and other federal officials.

In September, NESARC filed three sets of comments in response to each proposal. The Association worked through the coalition's drafting process to highlight and incorporate specific areas of interest to public power utilities in the finalized comments.

ESA reform was also a hot topic on Capitol Hill last summer. In the Senate, Environment and Public Works Committee

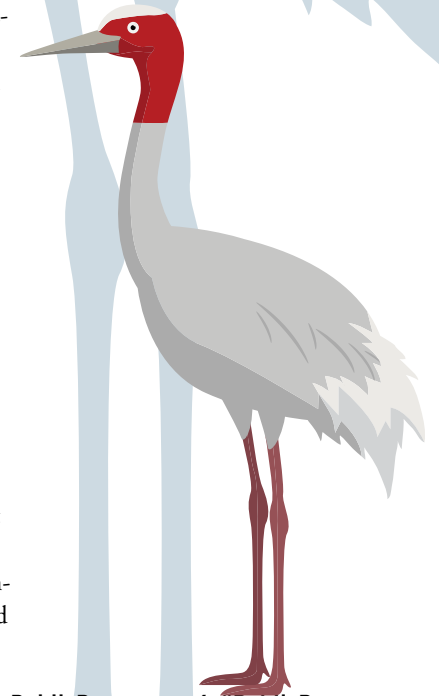
Chairman John Barrasso (R-Wyo.) released comprehensive legislation, the Endangered Species Act Amendments of 2018. The bill sought to reauthorize the law for the first time since its funding authorization expired in 1992 and to elevate the role of states in species management. A hearing was held on the bill, but it did not advance out of the committee.

On the other side of the Capitol, the House Natural Resources Committee held a legislative hearing in September on nine bills aimed at amending and modernizing the ESA. The package of bills, introduced by the House Western Caucus, aimed to increase state and local involvement in ESA activities, encourage voluntary conservation efforts, and amend other sections in the law involving listing decisions and critical habitat designations, to name a few. Four of the nine bills were reported out of the committee, but none of them received a vote on the House floor.

Although none of these bills became law, it is encouraging that there is an understanding among many people in the federal government that the ESA can and should be improved.

Will the new 116th Congress prioritize ESA reform in the same way as the 115th Congress? It is unclear, as there are fundamental disagreements about the successes and failures of the ESA among some members in the majority in the House and Senate this year. It is likely that the Administration will propose additional regulatory actions in 2019.

However things shake out, the Association will continue to engage with the federal government and advocate for reforms that enable public power utilities to build and improve infrastructure in a timely and predictable manner, which would allow conservation measures to be implemented more expeditiously to protect endangered species.



GOING PUBLIC



Are You Leveraging the Community Connection?

BY MEENA DAYAK, VICE PRESIDENT, INTEGRATED MEDIA AND COMMUNICATIONS, AMERICAN PUBLIC POWER ASSOCIATION

My daughter's summer theater group enjoys making its rounds in the area's shopping centers to solicit ads for the playbill. Group members know they'll get great support from the locally-owned shops but consider it a waste of time to visit the chain grocery stores, gyms, and other businesses run by large corporations with remote shareholders. "I think the managers want to be helpful, but they can't make decisions," she said.

It's the same with an annual run in my community to raise funds for children's cancer research. Started by a family who lost a young son to cancer, Ben's Run has grown from a few hundred participants to more than

1,000 participants in eight years. The run gets tremendous support from local businesses. It is rare for any of the banks, utilities, coffee shops, and other corporate-run entities that profit from serving the community to show up on the sponsor list — if they do, it's because someone involved with the run works at or knows someone who works at headquarters.

Community support comes when there is a real community connection. And you, as the community-owned, not-for-profit electric utility can be that genuine connection for the large commercial and industrial enterprises that are considering setting up shop in your community.

In fact, community can be a big driver for economic develop-

ment. It ranks right up there with rates, reliability, sustainability, and all the other benefits that you offer as a public power utility.

Large corporations hanker after community. The Forbes Human Resources Council notes that "Getting involved in the community is a great way for any organization to build relationships and boost visibility and brand awareness ... Companies that encourage involvement in the community stand out among their peers and see multiple benefits as a result, such as a happier workforce or a more loyal customer base."

The council reports that roughly 82 percent of U.S. consumers consider corporate social responsibility when deciding what services and products to buy and from where. And 86 percent of Generation Y workers value their companies' corporate social responsibility programs and would quit their jobs if those programs started to slip.

Therefore, if large corporations considering coming to your area could understand that your utility can connect them not only to electricity, but also to the community, it's a huge plus.

It can be a win-win situation. You, too, leverage the support of large businesses in giving back to the community. Whether it's STEM scholarships for local schools and colleges, beautification of a park, fundraisers for community causes, assistance for local families in need, or saving the turtles — you can do more with financial support from your business customers.

As a locally-owned enterprise, you have local authenticity that a large corporation can't build on its own. So consider putting the community connection at the top of your economic development brochure. Weave it into your conversations, train your key accounts staff to play it up, and keep it top of mind in all your interactions.

You can also draw on the traditions of the national public power community to emphasize your commitment to your local community. When our President and CEO Sue Kelly recently visited Austin and Owatonna, Minnesota, the utility staff wanted her to talk to their commercial and industrial customers about public power's national presence. Those customers were impressed when Sue told them that 2,000 towns and cities in the U.S. have public power and that we distinguish ourselves by giving back to the community.

How have your business customers benefited from your community ownership and connection? Tell us your story — email News@PublicPower.org — and we'll work with you to publish it in *Public Power Daily* or our blog.

RELIABILITY

Reliability Means Business

BY ALEX HOFMANN, DIRECTOR OF ENGINEERING AND ENVIRONMENTAL SERVICES,
AMERICAN PUBLIC POWER ASSOCIATION

Business and industrial customers use more than 60 percent of the net electricity generated in the U.S., according to the Energy Information Administration. It's therefore natural that reliable, low-cost electricity is a critical factor in economic development.

As a public power utility, you can show off your reliability advantages — both on paper and in practice — to the businesses your community is trying to attract.

Showing a prospective business that it can expect reliable power means you should be able to articulate:

- How well the power system is managed;
- Your key reliability metrics (SAIDI, SAIFI);
- Redundancies available to the customer/site;
- How well equipped you are to restore power after an outage;
- Power quality; and
- How a specialized resource mix or source might specifically perform at different times or in different conditions.

Through careful tracking and benchmarking of reliability metrics, you can show prospective businesses exactly how well your system can perform. For example, by presenting them with a history of all the outages that have oc-

curred in the last five years on the circuit they're considering locating to, including the duration and percentage of customers affected in each instance.

Public power utilities' strong reliability track record, coupled with low cost, has led several major industries to relocate or expand in areas served by public power utilities. For example, in the past decade, the energy-hungry automotive industry has set up shop in many parts of the Tennessee Valley and across the Southeast.

For customers with high energy use, electricity is less of a line item and more of an area for relationship management. Your key accounts track reliability throughout their operations. Austin Energy in

Texas knows that for its major tech customers — including Samsung, Google, and Dell — power quality is a key deciding factor for staying in the utility's service territory.

Lack of reliability has a ripple effect on all types of customers, especially in a smaller community. If frequent interruptions to power supply cause a large industrial customer to not be able to operate, that disrupts the lives of your residential customers, who make up many of the industry's jobs.

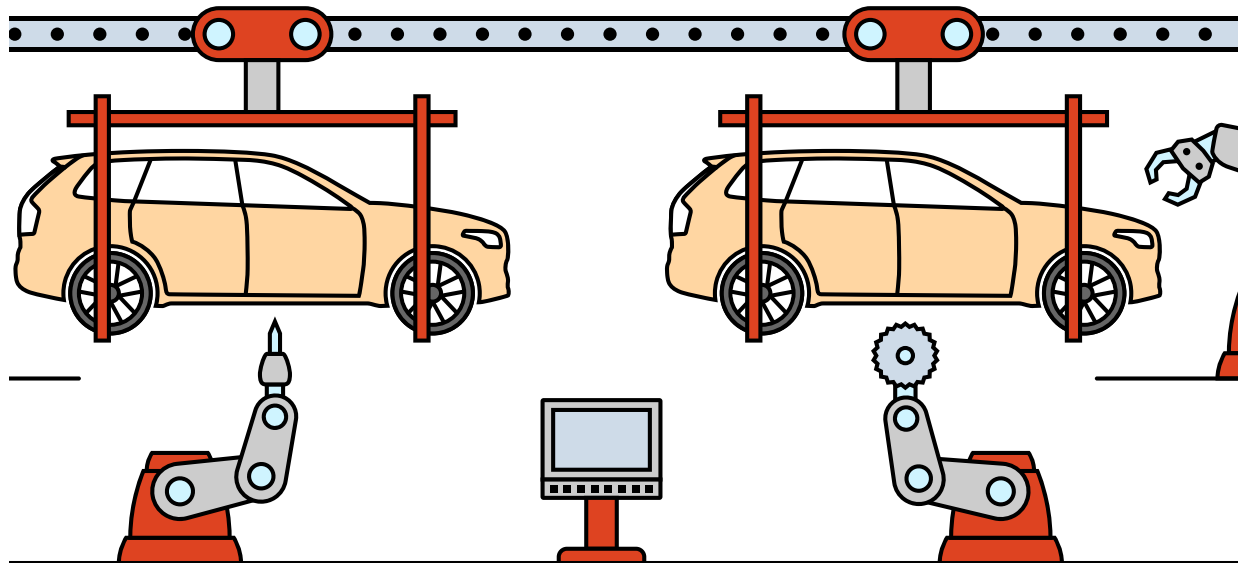
By prioritizing reliability improvements, and telling your reliability story, you can gain the upper hand.

Cost is a significant factor as well. In 2017, the EIA reports that commercial customers paid more

than \$650 on average per month, and industrial customers paid an average of more than \$6,700 per month on their electricity bills.

Subscribers to the American Public Power Association's eReliability Tracker can measure the exact cost of outages through a variation on the Lawrence Berkeley National Laboratory's Interruption Cost Estimator. This can help your utility prioritize reliability improvements. For example, if a feeder has the highest cost per minute of outage, then it can be considered a valuable upgrade target even if it has relatively less outage duration.

Reliability is good for business — for public power utilities and for your customers.





PUBLIC POWER SUPPORTS LOCAL ECONOMIES

A study of 188 public power utilities found that they...

Gave a median of

5.6%

of electric operating revenues
back to their communities



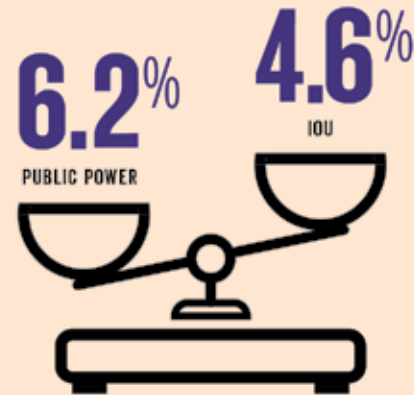
Which is

27%

more than investor-owned
utilities pay in taxes
to the communities
they serve



Among utilities with \$100 million or more in revenue,
public power utilities gave a median of 6.2% of revenues,
compared to 4.6% paid by IOUs.



171 public power utilities
cumulatively contributed more than

\$1 billion



to state and local government in 2016.

These funds directly support the community, and include:



payments in lieu of taxes;



free or reduced costs for lighting streets,
parks, and other public facilities; and



using employees or other utility resources
for electrical repairs, tree trimming,
or temporary lighting displays.



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