

2007 Reviewed

The Lebanon Utilities



GOAL #1

Enhance Customer Satisfaction by Improving Existing Programs and Services, Implementing New Value-Added Programs, and Benchmarking with the Industry

Results

A Key Accounts Task Force was formed composed of Mike Adams, Laurie Gross, Bob Waples, and Mike Martin. The Task Force met once, discussed the components of a Key Accounts Program, and as an action item agreed that Mike Adams would examine some best practices programs. Mike talked with an individual familiar with the Key Accounts program at Duke Energy-Indiana. Also he attended the APPA Key Accounts training program in Portland, Oregon. From that training and the conversations with Duke Energy, Mike has learned that a best practices approach is to develop a database with the necessary information about Key Accounts, develop a Business Plan and then formulate a Marketing Plan. These deliverables will be presented to the Task Force for review and eventually to the Board.

Customer Service continues to track key metrics and publishes them monthly. Some of these were derived from experiences with the PA Consulting benchmarking program and others from Customer Services own development as measures to monitor. Some APPA metrics are available and are planned for comparison purposes.

Communications regarding bill stuffers in 2007 focused on storm water initiatives since a new billing is forthcoming in 2008. Customer satisfaction was again monitored through the IMPA survey. The survey indicated overall satisfaction with the company's service from those surveyed.

Considerable effort was expended during 2007 in the development of a billing system for storm water. The system is quite complex in that a County database had to be utilized to arrive at the number of ERU's that various types of properties had associated with them and the various elements involving ownership had to be ascertained. The system is ready for January, 2008 billing which is quite an accomplishment.

Accounts Receivables program was enhanced as the internet was used more extensively for tracking the whereabouts of delinquents. In addition, during the 2007 time period, the billing and CSR staff is being deployed more extensively in the legal collection process averting legal expenses where it is practical.

GOAL #2

Review and Implement Employee Caring Initiatives and Enhance Organizational Development

Results

Salary and wage recommendations were made by staff and approved by the Board.

Performance reviews were conducted mid-year and year-end for all employees. Managers and Supervisors continue to improve in identifying top performances and discussing areas of strength and improvement with each employee. In most areas significant advancements are being made in performance-differentiated compensation. Attention will be given in 2008 to those areas falling short.

Benefit programs were presented to the Board and approved. For the first time ever the company is embarking on Health Savings Accounts.

Training programs in various HR issues was presented during 2007 for Managers and Supervisors. Industry experts either appeared in person or personally developed video tapes served to instruct the Managers and Supervisors in such HR areas as FMLA, Discrimination and Harassment, et al.

The Annual Employment Awards Banquet was again successfully conducted with record contributions from vendors to support the initiative.

The Annual Employee Benefit Summary was delivered to employees showing the dollar value of compensation package provided by Lebanon Utilities to each of them.

Quarterly leadership training was provided to Managers by LantzQuest's Tom Richardson. One seminar of particular note was the one on the Speed of Trust based on the book by Stephen Covey, Jr.

Quarterly updates were provided all employees by the General Manager visiting the various sites in the Company. The intent was to help employees to become more aware of the happenings in the company and the reason for such. The GM was accompanied by staff members and a member of the Board on one occasion.

GOAL #3

Develop Broadband Operations

Results

BPL build-out was extended to the subdivisions of Countryside, Hickory Meadows, and Rolling Meadows.

Significant resources were deployed in order to improve the market penetration for BPL. A marketing firm Floyd and Stanich (F&S) was hired to provide insights into improving the customer acceptance of BPL in the areas where build-out had occurred. F&S conducted focus group sessions with existing and prospective customers providing valuable information as to customer views of BPL. Roger Morgan was also hired to develop marketing materials and media for distribution throughout the community including not only BPL within the City where build-out had occurred but also for wireless within the City and in the surrounding County. A brand for the Telecommunications Utility was established called ilines. Literature, media advertisement as well as company vehicles portrayed this brand name.

BPL customer counts grew from a total of 17 at the end of 2006 to 41 by the end of 2007. Wireless customers increased from 144 at the end of 2006 to 247 by the end of 2007. Total customer counts increased by 79% in 2007.

An updated financial plan was developed during 2007 and new targets set. Financial projections were made based on information at that time including but not limited to cash flow forecasts. Month-by-month performance was tracked. It was determined based on these forecasts that BPL build-out should be suspended as internet revenues alone would not support further expenditures. Attention focused on the benefits that might be derived from BPL applications for the electric system such as automated meter reading (AMR), and outage management, demand-side management as well as those that are customer controlled. A Performance Contracting initiative was begun to examine the cost and the benefits of such applications whether BPL was utilized or another technology approach proved more favorable.

For the first time, the Utilities prepared a one year budget and five-year construction program for telecommunications just as with electric, water and sewer with a capital and operating maintenance budget and program and as part of that effort cash flows were prepared.

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GOAL #3 (continued)

Develop Broadband Operations

Results

Recognizing that the Utilities required fiber optic infrastructure to support the operations of electric system in such applications as SCADA, system protection, and automation, the company embarked on a program of construction of fiber optic construction. Recognizing that this fiber optic system could provide revenue support to the Telecommunications Utility and enhance economic development in the community, the Broadband operation began offering fiber optic service. A fiber optic link was also established to connect some facilities for the Lebanon Community School Corporation. It placed in service a fiber optic link to the NorthPark Credit Union and signed a contract to serve another of their branches. It also took steps and began negotiations to have signed contracts with Witham Hospital and to connect all of their facilities within Lebanon with fiber optic. Wireless service was provided to Witham's Jamestown medical facility. A proposal has been made to the Lebanon Community School Corporation to do the same. Furthermore, interest has been expressed by several businesses in the Business Park for such fiber optic service. Fiber optic service has now been established as a third revenue stream for the Telecommunications Utility.

The Help Desk for iLines was further developed as experience was gained for what the customer service requirements might be. Aside from iLines, an agreement was formulated with the City for IT services including the charges for such and the Help Desk incorporated as part of that formulation. The Help Desk now serves to assist iLines customers but also City and Utilities' IT customers and a formula for appropriate sharing of costs implemented.

The Broadband Task Force became the cross-functional multi-disciplined oversight group for the Broadband Initiative. It met weekly during 2007 to tackle such issues as business growth targets, image, customer service, operational issues, financial performance, advertising, and a host of other issues. The Task Force became especially adept at ensuring coordination of billing and advertising and translating customer feedback into adjustments that were necessary. It also has assisted in the process development phase.

Updates were provided to City Council and the Board of Works reinforcing the mission and plan for Broadband Operations. In addition to the updates, City Council received a presentation by MainNet on BPL applications for customers and the Utilities.

GOAL #4

Design and Implement an Automated Work Management System

Results

Refined and further developed manual processes for work management.

Utilized the manual processes to distribute work orders and work packets to the electric crews.

Partially developed processes for the integration of work with the Building Inspector's database.

Manually transferred work process information to Finance/Accounting.

Evaluated various types of software for automating the work management process.

Selected Distribution Design Staker software and BMC Service Desk software for work management.

GOAL #5

Review the Need and Timing for the Southside Water Plant and Associated Second Phase Water Rate Adjustment

Results

Performed demand and supply analysis of the need for additional water treatment capacity during June and September of 2007 and determined that water treatment capacity was adequate and that demand was stable.

Conducted a series of meetings with another utility to generate strategic supply options.

Completed plans and construction estimates for the Southside Water Plant and readied it for bids once the supply-demand analysis dictates.

Discussed the status of the Southside Water Plant with Parks Department officials and key City Council members.

Secured Parks Department approval to do site work for tying the well at Southside Park into Chicago Street.

Over 90% completed in engineering the tie in of the Longley Park well into the Chicago Street Water Treatment Plant.

GOAL #6

Track and Report Financial Performance

Results

Monthly financial reporting was provided to staff and quarterly reporting to the Board. This reporting included balance sheet, income statement, cash flow, budget to actual, and financial ratios.

Financial metrics were also reported to the Board on a quarterly basis.

2008 Capital and Operation and Maintenance budgets including one year and five year projections were prepared by staff and approved by the Board. With this information were five year cash flow projections. For the first time, Capital and Operation and Maintenance budgets were added for the Telecommunications Division and that information also incorporated a five year cash flow projection.

As discussed in Goal#3, an updated Financial Plan was developed for the Telecommunications Division and performance targets set and tracked.

GOAL #7

Plan and Implement a Program for Infrastructure Improvements

Results

Conducted a 72 hour test on the well field at the Lawson property and determined that well capacity would not be adequate. The Morton property was also identified as a possible site for a well test but awaits further action by the owner. Plans were developed to examine further well capacity at Sugar Creek.

Plans and specifications were 95% completed for Phase I of the North Street water and sewer project (cross-town interceptor). Further work was delayed pending further analysis being carried out with the Performance Contracting initiative.

Sewer lining and manhole rehabilitation was completed in Morningside.

Successfully completed extensive review with IDEM of the permit for the Wastewater Treatment Plant resulting in an acceptable modification.

Projects identified for 2007 in the Electric Distribution Plan were successfully completed. Those were as follows:

- Site preparation, equipment ordering, circuit relocation, and delivery of the new North substation transformer were accomplished*
- Circuits 431, 432, and 433 were converted to 12KV*
- 69KV reconductoring completed from the PSI sub to Lau*
- Circuit coordination and load reallocation projects completed at North and Lau subs as well scheduled relay coordination at West sub*
- 6901 Breaker ordered for the PSI sub*

Automated Meter Reading Pilot Program was successfully completed with water and electric meter readings being automatically transmitted back to Corporate Offices and billing of customers being accomplished. Several instances were also noted of customer water leaks being detected and customers notified before significant billing impacts were experienced.

The Project Development phase of Performance Contracting was initiated with Johnson Controls to examine the cost and benefits of AMR build-out city-wide as well as the economics of demand-side and outage management (and as alluded to in Goal #3 a study of the cost and benefits of further telecommunications backbone development).

Completed a review of system-wide capacitor needs and determined that present plans are on track. Have received capacitors and controls previously identified and scheduled training for line crews in advance of installation.

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GOAL #7 (continued)

Plan and Implement a Program for Infrastructure Improvements

Results

Rerouted overhead lines for Hatchette.

Established electric, sewer, and water service for the new pavilion at the 4H Fairgrounds.

Have provided to the REMC present plans for territorial acquisition including LU valuations and maps. The information is now under review by REMC management.

Initiated review of engineering for spill prevention containment plan.

Gained approval and began work on construction of a PCB containment building.

Completed work on the second phase of the Meadow Wing development.

Provided service connections for the Starbucks project.

Accomplished groundbreaking for the Prairie States coal-fired generation project.

Progressed to the 20% completion level on the Trimble County #2 coal-fired generating plant.

Completed extension and restructuring of the power sales contract with IMPA.

GOAL #8

Continue Development of the Storm Water Utility

Results

Studies were completed and approval by the Storm Water Management Board and the City Council of a Storm Water Rate Ordinance was accomplished.

Public education was enhanced with bill stuffers explaining the purpose of the MS4 program and how the Storm Water billing will work (also discussed in Goal#1).

Extensive work was completed to prepare the billing database and system for storm water.

Major projects were reviewed and approved such as the Witham expansion and Wal Mart Supercenter establishment.

GOAL #9

Assist City and County with Strategic Initiatives Including but not Limited to Study Work, Analyses, and Meetings

Results

Supported the City in its plans and implementation of annexation including participation in meetings of the committee, provided data and plans for sewer and water expansion for use by Umbaugh and Associates in its financial analysis, and engaged in strategy development.

Worked with the City in its plans for further development and improvements in its website. This included participation in committee meetings, assisting in the selection of a vendor to develop the site, and offering technical expertise and planning for the site.

Participated with the City in the development of plans for street lighting improvements. This included participating in meetings, providing technical expertise and working with the vendor involved in the project.

Worked with the city in the development of a joint sharing of costs and budgeting for IT and municipal building maintenance services and projects. This included development of a cost sharing formula, providing a proposed capital and operating budget, enhancing of the Help Desk for IT service with City participation, and various work sessions City Council.

GOAL #10

Develop an Integrated Company Emergency Response Plan

Results

Engaged in a Mutual Aid Agreement (INWARN) recommended by AWWA and IDEM for emergency support involving sewer and water.

Reviewed and modified the on-call system in order to improve effectiveness e.g. establishment of new processes, phone system modifications and a call center in Northern Indiana.

Reviewed performance during the Thanksgiving outage and made necessary changes to procedures.