

Oklahoma Municipal Power Authority

Competitive Utility Program



Competitive Utility Program
(updated 01/10)



Competitive Utility Program

- Objectives
 - Run utility more like a business
 - Track key issues on an ongoing basis
 - Customer satisfaction
 - System reliability
 - Rates
 - Transfers to general fund
 - Etc. etc.



Competitive Utility Program
(updated 01/10)



Competitive Utility Program

- Two basic sections:
 - Best Utility Practices
 - Leads to certification & \$20K
 - Valid for 2 years, with annual review
 - \$20,000 annual certification award (Jan 03 on)
 - Management Policies
 - Leads to more financial rewards
 - Discounts on power bills, Nov – Apr



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Best Utility Practices

- Core Programs
 - Nine core programs must all be done
 - Adopt qualifying transfer policy and calculate transfers
- Optional Programs
 - Five (large cities) or three (small cities) optional programs must be done
 - Cities choose their optional programs



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Best Utility Practices

Core Programs (necessary)

- Customer Satisfaction Surveys
- Key Accounts Program
- Training
- Energy Services Programs
- Basic Marketing Program
- **System Maintenance Plan**
- **Compliance with Codes and Standards**
- **Emergency Action Plan**
- **Service Reliability Program**

Note: Certification in APPA's RP3 program is recognized as meeting the last four core programs.



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Customer Satisfaction Surveys

- Select customers randomly
- Survey by phone or mail
- Residential – 150 responses or 30% of total
- C/I – 30 responses or 30% of total
- Surveys are in CUP Manual (changes OK)
- OMPA will summarize and compare



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Customer Satisfaction Surveys

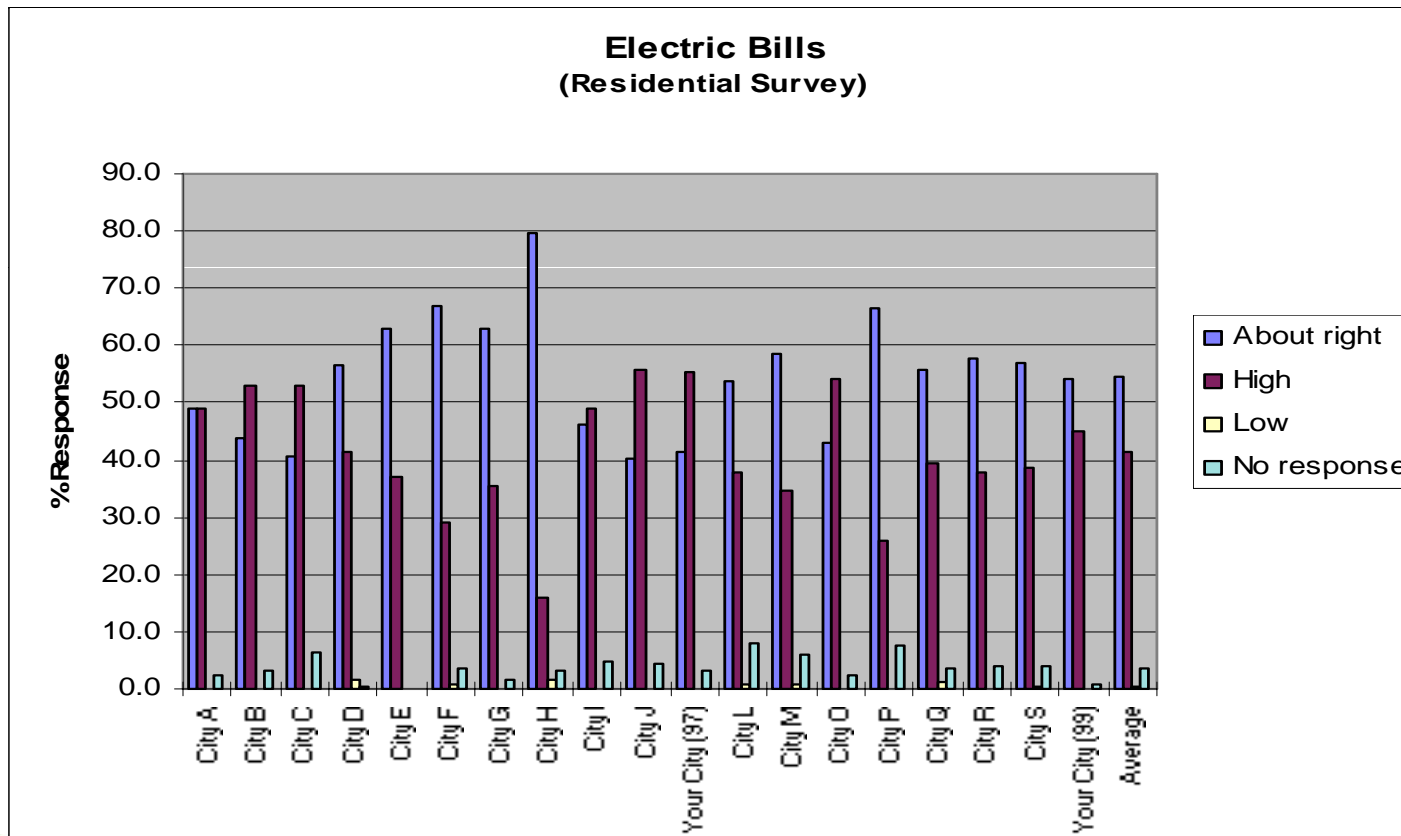
- Application material
 - Description of survey methodology
 - Samples of surveys
 - Summaries of results (residential and C/I)
 - Conclusions drawn and actions taken



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Customer Satisfaction Surveys



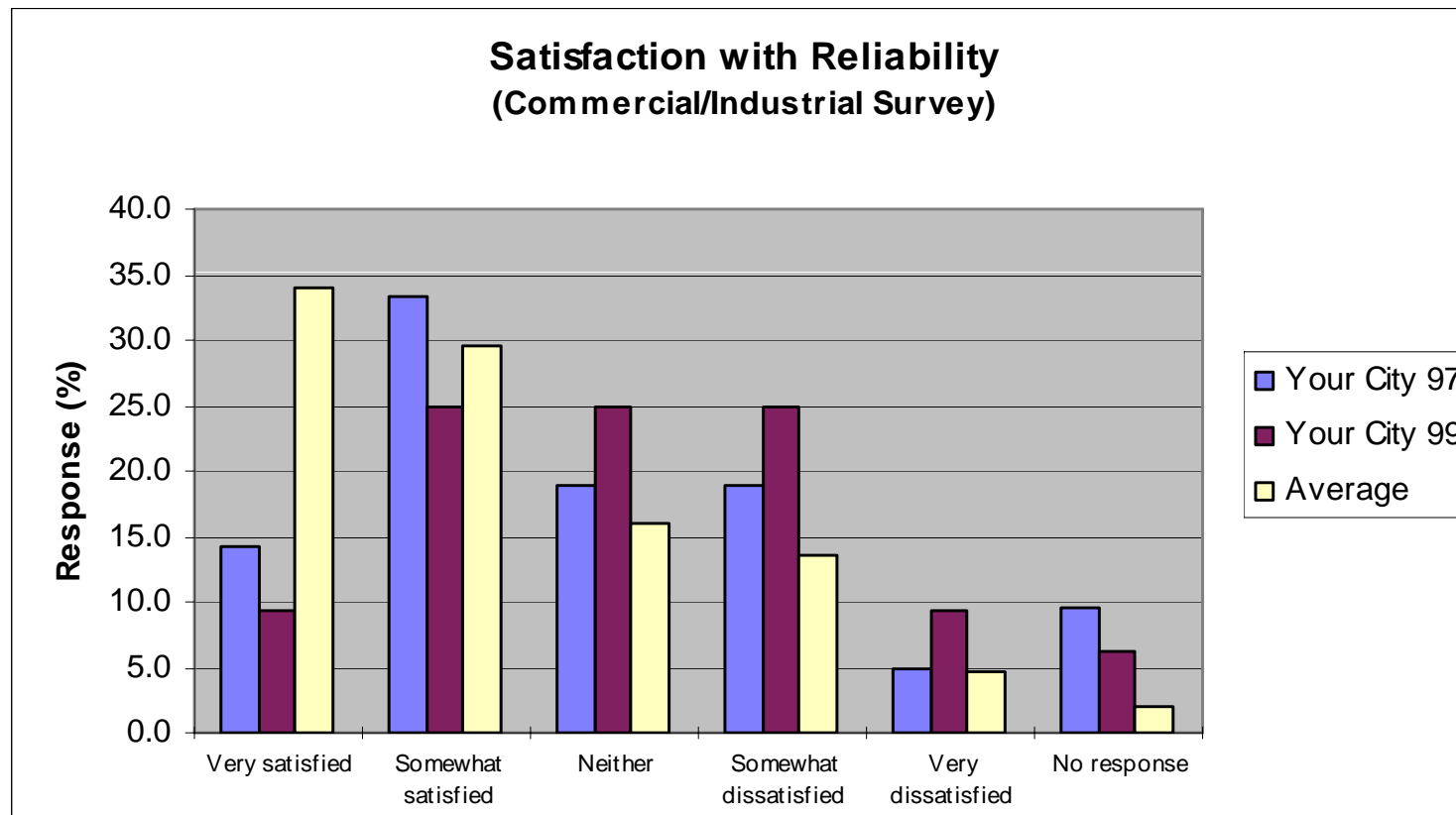
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Customer Satisfaction Surveys



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Key Accounts Program

- Select key customers (no minimum)
- Document characteristics and usage
- Appoint utility representatives
- Draw up contact schedules
- Document visits
- OMPA provides KA training (no charge)



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Key Accounts Program

- Application material:
 - Details of each key customer
 - Utility service representatives
 - Visit/contact schedules
 - Samples of logs/minutes kept
 - Guidelines/policies for service representatives



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Training

- Key staff (frequent customer contact)
 - 16 hours per year (includes at least 9 hours of customer service training)*
- Key line workers (maintain distribution system and have frequent customer contact)
 - 16 hours per year (includes at least 6 hours of line safety and 6 hours of customer service training)*
- Line workers (maintain distribution system)
 - 16 hours per year (includes at least 6 hours of line safety and 4 hours of customer service training)*
- Non-key staff (infrequent customer contact)
 - 4 hours per year (customer service training)*
- Spreadsheet available for documentation
- *See CUP Manual for detailed requirements



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Training

- Application material:
 - Listings of key staff, key line workers, line workers, and non-key staff
 - Job titles, hours trained
 - Descriptions of training
 - Samples of sign-in sheets
 - Results of training, plans for improvement



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Energy Services Programs

- Pass resolution to participate in OMPA Energy Services programs
- Name a representative to the ES Committee
- Actively participate in six ES programs
- Applications – provide proof of above



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Energy Services Programs

Customer Service/Communication

- Customer newsletter
- Grade school safety
- Residential energy audits
- C/I energy audits
- Peak alerts
- Average monthly billing
- Bank draft billing
- Pick-a-date billing
- Credit card acceptance
- Electronic bill presentation
- Electronic bill payment

Marketing

- Matched advertising
- Heat pump rebates
- WISE loans
- Surge protection
- Wind energy

At least two programs must come from the Marketing section



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Basic Marketing Program

- Marketing Plan
 - Including schedule and budget
 - Evidence of marketing activities



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System Maintenance Plan

- Annual electric utility system maintenance plan, with schedule
- Provide evidence of ongoing maintenance activities
- Sample outline in CUP Manual
- Sample plans available



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Codes and Standards

- Adopt and enforce NEC and NESC
- Identify utility's construction standards



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Codes and Standards

- Application material:
 - Copies of ordinances adopting NEC & NESC
 - Description/copy of code enforcement policy
 - Samples of inspection logs, forms, & tags
 - Material identifying utility's construction standards/guidelines
 - Plans for upgrading construction (if appropriate)



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Emergency Action Plan

- Draft and put in place a written Electric Utility Emergency Action Plan
- Plan should be coordinated with city/county emergency plan(s)
- Brief utility/city staff about plan
- CUP Manual has outline
- Sample plans are available



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Reliability Program

- Track system outages
 - Sample outage forms available
- Calculate reliability statistics
 - Excel workbook available
 - Records outage information, calculates outage indices, prints monthly/annual reports, etc.
- Use the information



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Best Utility Practices

Optional Programs

- Small cities – must do 3 or more programs
- Large cities – must do 5 or more programs
- CUP Manual contains suggestions
- Can use other programs (show that they help meet CUP objectives)



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Optional Programs (suggestions)

- Avg monthly billing
- Bank draft payment
- Pick-a-bill-date
- Prepaid metering
- Kiosk payments
- Cust-oriented deposits
- Information line
- Gatekeeper program
- Share-the-warmth
- Flexible hours
- Limited time-in-line
- Communications pgm
-more



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Optional Programs (suggestions)

- Mutual aid
- Accounting control
- Materials management
- Employee survey
- Business plan
- Economic development policy
- Environmentally comp construction practices
- Line extension policy
- Underground policy
- Public-involved facility practices
- Underground loc svc



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Competitive Utility Program

- Best Utility Practices

- Meet criteria → certification and \$20,000 annual award



- Management Policies

- Leads to more financial rewards
- Discounts on power bills, Nov - Apr



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Management Policies

Seven possible awards

- Two – Competitive Rate Benchmark
 - Two – Transfers
 - Two – Load Factor
 - One – Advanced Marketing Program
- Value of awards depends on type of award and on power purchases
 - Provided as power bill discounts (Nov-Apr)



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Competitive Rate Benchmark

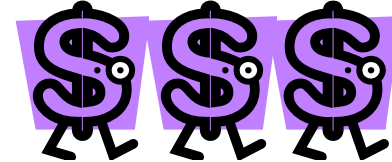
- Award 1:
 - Residential rates must be within 5% of *either* local REC *or* combined IOU rate measure
- Award 2:
 - Residential rates must be within 5% of *both* local REC *and* combined IOU rate measure
 - o OMPA calculates 12-month rolling comparisons
 - o IOU rate measure – blend of OG&E and PSO



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Transfer Policy



- Award 1:
 - Show transfers are **below a benchmark based on APPA 3rd quartile for WSC region**
- Award 2:
 - Show transfers are **below a benchmark based on APPA *median* for WSC region**



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Advanced Marketing Program

- One Award:
- In addition to Basic Marketing Program,
 - Distribute qualifying customer mailings six times per year
 - Spend certain percentages of city's allocation of OMPA matched advertising funds on Load Factor Improvement
 - Hold at least one contractor orientation meeting every two years
 - Have Heat Pump brochures available for customer distribution



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Load Factor Improvement

- One Award:
 - Have an annual city load factor that is higher than the OMPA load factor
- One Award:
 - Have an annual city load factor that is higher than the city's load factor for the previous year



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Certification/Award Process

- City passes resolution to participate
- City prepares/submits application
- Peer Evaluation Committee reviews
- OMPA Board approves ➡ \$20K
- Certification required for MP awards
- Certification valid for 2 years, subject to
- Interim 1-year review between certifications



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Recognition of Certification

- Street signs for major city entrances
- Two plaques
 - One for city hall
 - One for electric department
- Official presentation at city council meeting
- Press releases, etc.



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Interim Review

- Each year after certification or recertification
- All programs should be ongoing
- All award levels are re-evaluated, and transfer calculation must be updated
- OMPA staff reports to Eval Committee
- If Board approves continuation ➡ \$20K



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Recertification

- New application every 2 years
- Some requirements increased
 - optional programs
- Other elements must be updated, where necessary
- Some elements may not need much updating
 - e.g., Codes & Standards, Emergency Action Plan
- If Board approves recertification ➡ \$20K



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Recommendations

- Appoint/name a CUP Manager
- Hold regular meetings while preparing material for initial certification
- Hold regular quarterly meetings after certification
- Keep up with requirements – e.g.
 - Customer Service Training, Reliability, ...



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Competitive Utility Program

- Benefits

- Helps run utility more like a business
- Helps track key issues on an ongoing basis



And

- Provides financial benefits in the form of **\$20,000 annual certification award** and discounts on power bills



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