



MUNICIPAL LIGHT AND POWER



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**BUSINESS PLAN/
STRATEGIC PLAN**

MUNICIPAL LIGHT & POWER

2000 Business Plan

MISSION OF MUNICIPAL LIGHT & POWER

Municipal Light and Power (ML&P) is committed to being Alaska's energy leader by being innovative and trustworthy in responding to our customers' needs for safe, economical, and reliable electric service.

GOALS

The goals of ML&P are to:

- Meet the needs and expectations of our customers by providing:
 - Competitive rates and reliable service for all customer classes
 - Prompt, reliable and courteous customer assistance
 - Support and assistance to military bases
 - Support and assistance to wholesale power customers
- Operate the electrical system with optimum economic efficiency and with strict adherence to environmental standards
- Provide for the safety of the public and of our employees in the operation of the electrical system
- Improve system reliability by incorporating new components, new technologies, and new methods of cooperation with interconnected utilities
- Establish competitive rates by incorporating cost cutting technologies and streamlining business processes without jeopardizing the financial and operational integrity of the utility
- Work with other Railbelt utilities, the Regulatory Commission of Alaska and the state legislature to participate in industry restructuring in a manner that ensures all consumers retain equitable access to reliable and affordable electricity
- Complete reorganization at the Division level in order to meet the challenges and opportunities of industry restructuring
- Continue the smooth transition to a new financial and human resource information system currently being implemented
- Attain the financial objectives established in the Equity Management Plan
- Continue to provide educational programs to school children and the community on electrical safety and to provide factual information on issues the utility industry is examining
- Foster teamwork and an integrated approach to decision making within the utility

FUNCTIONAL DESCRIPTION

GENERAL MANAGER'S OFFICE

Through the three Business Units reporting to her, the General Manager is responsible for overall management of Municipal Light & Power. The General Manager and Business Unit managers are responsible for coordinating the strategic planning efforts and efficient application of resources necessary to achieve ML&P's mission.

Administrative Section

Provides administrative support to the General Manager and Business Units. Functions carried out by the administrative section include: human resources, safety, public relations, labor relations, legal services, telephone switchboard/receptionist duties and courier/mailroom operations.

Objectives and Tasks

- Provide for the safety of ML&P personnel and the public and ensure compliance with OSHA and other regulatory standards
- Continue educational programs on energy and safety matters
- Promote better community understanding of issues facing the electric industry
- Execute the Emergency Preparedness Plan in the event of a disaster
- Provide employees with continued training and education necessary to remain technically competent and professional
- Administer ML&P/IBEW Collective Bargaining Agreement
- Ensure contract management compliance
- Maintain the security of ML&P facilities and personnel
- Recruit technically competent & professional employees to become part of the ML&P team

FUNCTIONAL DESCRIPTION

ENERGY PRODUCTION BUSINESS UNIT

The Energy Production Business Unit is responsible for the production and dispatch of all thermal electricity at Municipal Light & Power. This includes operation, maintenance, engineering, and installation of equipment used in conjunction with the two municipal-owned electric power plants. In addition, the Energy Production Business Unit provides full spectrum maintenance and support for the Eklutna Hydroelectric Power Plant. The Energy Production Business Unit is also responsible for the safe and efficient operation of the Dispatch Center and for management of environmental compliance programs.

The Energy Production Business Unit is comprised of two Divisions as follows:

Generation/Production Division

The **Administrative** section is responsible for direction, support, management, planning, engineering, trouble shooting, training, and quality assurance for the Generation/Production Division.

Generation Plant crews provide component refurbishment for both plants, light construction and maintenance, regulatory logs and reports, and maintain spare parts inventory. They also provide facility and equipment maintenance, water chemistry system monitoring and maintenance associated with steam generation.

The **Heavy Mechanical** crew performs overhauls, major maintenance of power production equipment and operates the generation warehouse facility.

The **Electric-Electronic** section provides maintenance and installation of all instrumentation which includes generation control and protective systems, supervisory control and data acquisition systems, general plant electrical systems, and other related plant and construction work. The SCADA group provides assistance, training, implementation, and general maintenance to supply SCADA/EMS services to the Energy Production Business Unit, as well as other Business Units.

The **Eklutna** section provides full spectrum maintenance and support for hydro production at the Eklutna Power Plant.

Objectives and Tasks

- Provide electrical generation with the utmost reliability and efficiency
- Implement research and development programs along with providing energy options
- Representation on various state and national operating committees as required

ENERGY PRODUCTION BUSINESS UNIT

Objectives and Tasks Continued

- Continue initiatives to improve the energy efficiency of our system and support equipment now in service
- Continue Air Quality Study, direct PCB testing, removal and disposal, administer hazardous chemicals control program and contaminated ground water treatment programs
- Address Occupational Safety and Health Act (OSHA) matters, implement Environmental Protection Agency (EPA) initiatives and all other related regulatory and training requirements

Power Management Division

The **Power Dispatch** section is responsible for the safe and efficient control and dispatch of ML&P's interconnected electrical system including the Eklutna Hydroelectric Project and the southern portion of the Alaskan Intertie. This section is responsible for continuous coordination with other utilities in the Railbelt to provide for system reliability and pursue opportunities for power sales and purchases. In addition, this section responds to emergencies/unscheduled outages on the Interconnected System, ML&P Transmission System, and/or ML&P Power Plants and directs restoration procedures.

The **Distribution Dispatch** section operates the ML&P distribution system in a safe and reliable manner, responds to distribution system emergencies and unscheduled outages; directs restoration procedures to restore service as soon as practicable; and directs switching and tagging of scheduled maintenance, new services, and system improvements. This section also maintains ML&P's official record of the status of the distribution system as currently connected and produces Outage Reports.

The **Analysis** section performs studies and analyses to determine the optimal integration of ML&P's Generation and Hydro/Thermal resources and conducts a variety of power pooling and marketing studies to identify power sales opportunities between ML&P and other utilities. In addition, the Analysis section works with contracted software support consultants to implement new data bases and economic dispatch programs and produces many of the analyses ML&P relies on for strategic decisions related to power sales contracts, economic dispatch and ML&P generation investment options.

ENERGY PRODUCTION BUSINESS UNIT

Objectives and Tasks

- Continuously staff, equip, and operate the ML&P Control Center under normal and emergency conditions
- Perform studies and analysis to determine the optimal integration of ML&P's Generation and hydro-thermal resources
- Act as Southern Operator of the Alaska Intertie
- Provide the lowest cost power available to our customers using the latest computer modeling options to achieve maximum hydro-thermal coordination
- Direct and control all of ML&P's switching and tagging operations
- Negotiate, schedule, and control wholesale power sale transactions
- Manage the comprehensive Dispatcher training program
- Dispatch and control ML&P Generation and the Eklutna Project and schedule ML&P Bradley Lake energy and capacity
- Direct restoration of service to customers following outages
- Represent ML&P in inter-utility committees and subcommittees: Intertie Operating Committee, Alaska Coordinating Council/Railbelt Coordinating Committee
- Produce analyses related to power sales, economic dispatch, and generation investment decisions
- Assist in the planning and installation of improved SCADA and energy management system (EMS)
- Ensure the ability of the Dispatch Center to survive and function during and after disasters

FUNCTIONAL DESCRIPTION

ENGINEERING & OPERATIONS BUSINESS UNIT

The Engineering & Operations Business Unit is responsible for the design, coordination and construction of transmission and distribution facilities required to provide consumers with safe and reliable electrical power. The Engineering & Operations Business Unit oversees the construction, maintenance, and operation of the transmission and distribution systems, administration of contract projects and personnel, vehicle maintenance and repair, facility maintenance, and warehousing of construction and maintenance material.

The Engineering & Operations Business Unit is comprised of two Divisions as follows:

Engineering Division

The **Administration and Engineering Support** section is responsible for professional services contract administration, local rights-of-way record keeping and acquisition, surveying, underground locates, work order tracking and project review, and strategic division planning.

The **System Protection and Station Design** section provides substation and switchyard design, including system protective relaying, metering, instrumentation, mapping, drafting and interface to SCADA systems. In addition, this section coordinates relay protection at the Generation Plants and ML&P interties with other utilities.

The **Transmission/Distribution Line Design** section is responsible for design of major system improvements, relocations, undergrounding and major line extensions of the transmission and distribution systems. Assistance is also provided in customer service, non-ML&P construction project reviews and safety compliance, material specification and construction methods, standards development/maintenance, material bids evaluation, "unit price" construction contracts and special projects.

The **Customer Engineering** section directly provides engineering services to new customers, including new service line extension design, minor system improvement design, safety compliance and street/area lighting services.

The **System Planning and Rate Support** section conducts transmission, distribution and resource planning studies, continuing property records field data management, prepares load forecasts and construction standards, performs system and failure analyses, conducts customer load research and provides technical support for RCA rate filings. This group also performs power flow, short circuit and dynamics/stability studies and manages the annual transformer order, including bid evaluation and award recommendation.

ENGINEERING & OPERATIONS BUSINESS UNIT

Objectives and Tasks Continued

- Responsive design of new customer services
- Design, construction, contracting and management of substations, plant switchyards, system protection, and sectionalizing plans
- Maintain continuing property records and system maps
- Investigation of customer service complaints and power quality issues
- Investigation of system safety concerns
- Research and integrate technological advances into the existing system
- Analysis of ML&P's power system and intertie system operation
- Development of required capital improvement plans and projects/budgets, as well as the engineering design and management of projects
- Development of three year engineer of record report, load forecast and special studies including failure analysis reports
- Perform load research, voltage profile and contingency studies and submit reports to the Regulatory Commission of Alaska and Federal Energy Regulatory Commission as required
- Representation on the Railbelt Utilities Technical Committees and the Alaska Systems Coordinating Council and other committees as required
- Coordination with other governmental entities and utilities for use of rights-of-way and location of underground plant

Operations Division

The **Line** section is responsible for the construction and maintenance of the transmission and distribution system. This section provides cut in/cut out assistance for the Customer Service Division and switching services as directed by the Power Management Division.

The **Technical Services** section provides services for electrical metering, substation operation and maintenance, relay maintenance and calibration.

The **Fleet Services** section provides technical specifications, preventative and nonscheduled maintenance of all utility rolling stock, miscellaneous equipment and hot line tools.

The **Electrical Service** section provides for transformer testing and repair, inventory, building maintenance, and proper disposal of PCBs and other regulated materials.

ENGINEERING & OPERATIONS BUSINESS UNIT

Operations Division Continued

The **Warehouse** section is responsible for receipt, storage and issuance of construction and maintenance material for Engineering and Operations. They also provide support to other divisions in processing purchase requisitions, including change orders, and receiving goods.

Objectives and Tasks

- Improve reliability and reduce service interruptions through ongoing inspection and preventative maintenance programs
- Maintain the pilot wire system
- Annually inspect and maintain the Central Business District vault-duct system
- Maintain right-of-way clearing and maintenance program
- Provide SCADA support services
- Annual inspection of distribution system and scheduling of routine maintenance
- Preventative maintenance of substations and 115KV switch yards
- Continue comprehensive meter audit program
- Continue system inspection program using infrared and x-ray technologies
- Provide reliable fleet service and vehicle maintenance by performing annual IM and vehicle safety inspections
- Provide improved street lighting by continuing the upgrade of older street lighting systems
- Provide efficient system construction
- Refine Comprehensive Construction and Scheduling Program
- Annually monitor and evaluate unit price contracts and expedite bid programs
- Provide an effective, reliable construction feedback and tracking system
- Provide utility wide cost effective facility management by annual heating and cooling systems inspections and on-going building maintenance

FUNCTIONAL DESCRIPTION

BUSINESS ENTERPRISES UNIT

The Business Enterprises Unit consists of four divisions, which include the Customer Service Division, Finance Division, Systems and Communication Division and Marketing Division.

Customer Service Division

The **Customer Service and Billing** section is responsible for customer contact necessary to establish, maintain, and terminate electrical service and landlord contracts. This section explains rates and rate applications as required, responds to residential and commercial service requests and bill inquiries, processes cash receipts and maintains security and customer records. Customer Service is the focus for customer contact in the utility.

The **Credit and Collection** section is responsible for negotiating payment schedules in accordance with ML&P's tariff, Alaska Statutes and accepted Fair Credit Act practices. This section is also responsible for maintaining a low percentage of write-offs, coordinating all customer refunds and review and preparation of accounts for legal referral.

The **Meter Reading** section is responsible for accurate monthly meter reads, timely reads on customer connects and disconnects and delinquent door hanger notices. This section also investigates customer energy usage patterns, high bill complaints and power theft incidents.

Objectives and Tasks

- Promote excellent customer relations
- Respond to customer inquiries, telephonic and personal, in the quickest time frame practical
- Provide accurate customer records in an efficient manner
- Continue to analyze billing functions for opportunities to improve efficiency and quality of customer billings
- Maintain high collection indices while providing excellent customer service
- Assign account representatives to major customers for continued superior service
- Maintain statistical records of employee and Division performance
- Identify and initiate the replacement of failing meters and equipment
- Evaluate new technologies and alternatives for meter service
- Conduct power theft investigations and gather evidence for collection efforts

BUSINESS ENTERPRISES UNIT

Objectives and Tasks Continued

- Perform energy use evaluations and administer energy audit contracts for customers
- Inspect customer's premises for defective equipment, which can cause high bills
- Read every customer meter every 28-32 days, with 99.5% accuracy and less than 0.5% missed reads
- Develop team performance standards to support customer service efficiency and quality
- Review policies, procedures and tariffs for compliance and improvements

Finance Division

The **Accounting** section is responsible for financial analyses and reporting in the manner prescribed by the Federal Energy Regulatory Commission, Regulatory Commission of Alaska (RCA), and generally accepted accounting principles. The Accounting section is also responsible for development and maintenance of continuing property records (CPR) and meeting Beluga River Gas Field accounting and tax compliance requirements.

The **Budgeting** section is responsible for financial forecasting, financial modeling, bond sale support, yearly operating and CIP budget submissions, developing budgeting standards, performance indicators and standards, ensuring budget compliance and providing other situational fiscal analysis as required.

The **Rates and Tariffs** section is responsible for regulatory activities such as tariff revisions, rate studies and participation in all regulatory proceedings affecting ML&P's ability to perform its mission. This section also performs economic modeling and pricing, assists in negotiating power contracts and engages in financial analyses for ML&P management.

Objectives and Tasks

- Provide accurate and timely financial and accounting information
- Prepare reports necessary to meet internal and external reporting requirements
- Develop and analyze reports to convert financial data into meaningful management information
- Review functions and priorities to increase productivity, develop performance standards/indicators
- Develop standardized data requirements for revenue requirement and cost of service studies

BUSINESS ENTERPRISES UNIT

Objectives and Tasks Continued

- Streamline the capital work order process
- Provide financial training on new or changing accounting pronouncements
- Upgrade/enhance continuing property records (CPR) including financial segments and provide more effective and efficient access to data
- Upgrade depreciation reserve segment of CPR for potential changes in depreciation policies
- Monitor federal and state regulatory proceedings and provide timely response to developments
- Revise tariffs as required during the year
- Maintain a constructive relationship with regulatory agencies in order to achieve ML&P's goals in the regulatory arena
- Augment department's technical guidelines and procedures
- Develop and implement a strategic plan relating to electric industry restructuring
- Respond to opportunities and risks associated with possible state or federal restructuring initiatives
- Effectively represent ML&P's position to state and federal legislators and the RCA
- Develop a program to maintain and enhance ML&P's relationships with large customers, including a comprehensive marketing program
- Review accounting and regulatory issues surrounding regulatory matters
- Design and implement financial modeling program to better analyze wholesale markets
- Produce timely, accurate and comprehensive business plans and budgets
- Produce the annual business plan, operating and capital budgets
- Develop and implement long-range financial forecasts and reports
- Review capital work order set-up information for accuracy and completeness
- Provide detailed budget analyses throughout year for the Administration and Assembly
- Provide historic and prospective budget data for requesting entities
- Provide state and federal agencies with detailed budget information as necessary
- Implement budget changes and monitor effect

BUSINESS ENTERPRISES UNIT

Objectives and Tasks Continued

- Advise management on financial issues facing the utility
- Provide a yearly financial plan to Division Managers and General Manager
- Monitor the financial plan on an ongoing basis
- Provide guidelines to management on attaining Equity Management Plan objectives

Systems and Communication Division

The **System Support** section is responsible for installation, operation and maintenance of computer and communications hardware and operating system software. This section maintains data integrity and security. They also provide training and help desk assistance to system users.

The **Strategic Support** section is responsible for analysis, design, development, implementation, maintenance, and support of pre-payroll and financial information related systems. This section also provides SCADA support and application programs.

The **Continuing Property Record, Resource Management Systems and Customer Service Billing** section is responsible for analysis, design, development, implementation, maintenance, and support of continuing property records, resource management, billing, accounts receivable, and customer service related systems.

The **Telecommunications** section is responsible for maintenance and upgrades of radio, cellular and microwave systems, and process control communications devices for ML&P and client utilities. They also install and remove mobile radio devices on vehicles.

The **Document Control and Records Management** section is responsible for establishing and maintaining utility wide document management and retrieval technologies.

Objectives and Tasks

- Maintain computer systems security to ensure data and system integrity
- Develop applications to meet ML&P business objectives
- Develop innovative, state-of-the-art alternatives for customer information and billing programs
- Manage hardware, software and system procedures to improve operating efficiency and performance

BUSINESS ENTERPRISES UNIT

Objectives and Tasks Continued

- Provide enhancements and maintenance to operational systems
- Develop and monitor long-range information system plans
- Manage and maintain an efficient and cost-effective telecommunications system
- Refine ML&P-wide document management and retrieval program and maintain storage and retrieval system
- Provide advanced customer access technology
- Maintain operating efficiency of SCADA software and hardware and provide 100% up time of current redundant system
- Maintain real-time microwave communications backbone
- Perform annual inspection and maintenance of all mobile and portable radios and base stations
- Provide cost effective reimbursable radio repair service to client utilities
- Provide communications and technology applications during emergencies
- Assist in maintaining presence on the World Wide Web

Marketing Division

The Marketing Division is responsible for developing, testing and implementing residential and commercial marketing programs to ensure customer retention and satisfaction. The Marketing Division is also responsible for developing strategies to sustain ML&P's revenue and maintain market position, given changes in customer expectations resulting from potential restructuring of the electric utility industry.

Objectives and Tasks

- Develop a strategic marketing plan for ML&P's existing and potential residential and commercial/industrial customers
- Maintain and direct Key Accounts Program
- Initiate contacts with customers to establish relationships, act as liaison between customer and ML&P Divisions, and establish single point of contact
- Consistently analyze consumer market and define future customer needs and growth potential, while integrating customer needs with ML&P's capabilities
- Maintain, enhance and promote ML&P's brand identity
- Track and analyze competitive marketing strategies

BUSINESS ENTERPRISES UNIT

Objectives and Tasks Continued

- Analyze legislative and regulatory activities relating to electric industry restructuring to assess risks and opportunities with regard to market presence
- Integrate Marketing Division goals and objectives to all other ML&P Divisions as necessary



MUNICIPAL LIGHT AND POWER

2000 CAPITAL BUDGET

**2000 — 2005
CAPITAL IMPROVEMENT PROGRAM**

MUNICIPAL LIGHT & POWER
2000 - 2005 CAPITAL IMPROVEMENT BUDGET/PLAN FINANCIAL SUMMARY (\$000)

<u>PROJECT CATEGORY:</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>TOTAL</u>
PRODUCTION (GENERATION)	6,269	5,458	5,419	9,442	9,629	9,741	45,958
TRANSMISSION	245	410	460	470	540	450	2,575
DISTRIBUTION	4,180	5,555	5,415	5,990	6,400	6,330	33,870
GENERAL PLANT	3,822	4,423	3,851	2,770	2,986	3,674	21,526
REGULATORY COMPLIANCE	720	735	775	525	950	650	4,355
BELUGA RIVER GAS FIELD	400	1,400	3,500	1,000	500	1,000	7,800
TOTAL BUDGET	<u>15,636</u>	<u>17,981</u>	<u>19,420</u>	<u>20,197</u>	<u>21,005</u>	<u>21,845</u>	<u>116,084</u>
<u>SOURCE OF FUNDING:</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>TOTAL</u>
G.O. BONDS	0	0	0	0	0	0	0
REVENUE BONDS	0	16,581	0	19,197	0	0	35,778
LOAN	0	0	0	0	0	0	0
EQUITY/OPERATIONS	15,236	0	15,920	0	20,505	20,845	72,506
BELUGA OPERATIONS	400	1,400	3,500	1,000	500	1,000	7,800
STATE GRANT	0	0	0	0	0	0	0
FEDERAL GRANT	0	0	0	0	0	0	0
DIRECT APPROPRIATION	0	0	0	0	0	0	0
TOTAL BUDGET	<u>15,636</u>	<u>17,981</u>	<u>19,420</u>	<u>20,197</u>	<u>21,005</u>	<u>21,845</u>	<u>116,084</u>

Approximately \$6 Million in personnel costs will be spent on Capital Projects during 2000.